

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-----------------------------------|---|------------|
| ELECTRONIC APPLICATION OF JACKSON |) | |
| PURCHASE ENERGY CORPORATION FOR A |) | CASE NO. |
| GENERAL ADJUSTMENT OF RATES AND |) | 2021-00358 |
| OTHER GENERAL RELIEF |) | |

NOTICE OF FILING

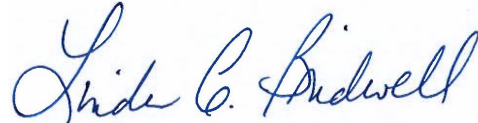
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on February 24, 2022 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on February 24, 2022 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on February 24, 2022.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/qnibcFMe1jk>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 16th day of March 2022.



Linda C. Bridwell
Executive Director
Public Service Commission of Kentucky

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CERTIFICATION

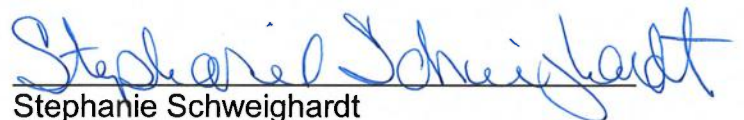
I, Candace H. Sacre, hereby certify that:

1. The attached flash drive contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on February 24, 2022. The Formal Hearing Log, Exhibits, and Exhibit List are included with the recording on February 24, 2022;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of February 24, 2022; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of February 24, 2022, and the time at which each occurred.

Signed this 11th day of March, 2022.



Candace H. Sacre
Administrative Specialist III



Stephanie Schweighardt
Notary Public State at Large
Commission Expires: January 14, 2023
ID# 614400



Session Report - Detail

2021-00358 24Feb2022

Jackson Purchase Energy Corporation (Jackson Purchase)

| Date: | Type: | Location: | Department: |
|-----------|--------------------------------|----------------|-----------------------|
| 2/24/2022 | Public Hearing\Public Comments | Hearing Room 1 | Hearing Room 1 (HR 1) |

Witness: Greg Grissom; Lane Kollen; Jeff Williams; John Wolfram
 Judge: Marianne Butler; Kent Chandler; Amy Cabbage
 Clerk: Candace Sacre

| Event Time | Log Event | |
|------------|--|--|
| 9:08:21 AM | Session Started | |
| 9:08:37 AM | Chairman Chandler Note: Sacre, Candace | Good morning. We are on the record in Case No. 2021-00358, Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment of Rates and Other General Relief. |
| 9:08:51 AM | Chairman Chandler Note: Sacre, Candace | My name is Kent Chandler. I am Chairman of the Kentucky Public Service Commission. I am joined today with my Vice Chair Amy Cabbage and Commissioner Marianne Butler. |
| 9:09:00 AM | Chairman Chandler Note: Sacre, Candace | Videoconferencing recommendations. (Click on link for further comments.) |
| 9:09:26 AM | Chairman Chandler Note: Sacre, Candace | Entry of appearance of counsel. |
| 9:09:29 AM | Atty Goss Jackson Purchase Note: Sacre, Candace | Mark David Goss, co-counsel Allyson Honaker, witness Greg Grissom, Jeff Williams, John Wolfram. |
| 9:10:07 AM | Asst Atty General West Note: Sacre, Candace | Mike West, we have witness Lane Kollen. (Click on link for further comments.) |
| 9:10:23 AM | Staff Atty Colyer PSC Note: Sacre, Candace | Jason Colyer. |
| 9:10:25 AM | Gen Counsel Vinsel PSC Note: Sacre, Candace | Nancy Vinsel, co-counsel remotely Justin Young, Moriah Tussey, and Heather Temple. |
| 9:10:38 AM | Chairman Chandler Note: Sacre, Candace | Public comments. (Click on link for further comments.) |
| 9:11:54 AM | Chairman Chandler Note: Sacre, Candace | Public notice. (Click on link for further comments.) |
| 9:12:04 AM | Chairman Chandler Note: Sacre, Candace | Motions. (Click on link for further comments.) |
| 9:12:30 AM | Chairman Chandler Note: Sacre, Candace | First witness? |
| 9:12:35 AM | Atty Goss Jackson Purchase Note: Sacre, Candace | Greg Grissom. |
| 9:12:45 AM | Chairman Chandler Note: Sacre, Candace | Witness is sworn. |
| 9:12:54 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Examination. Name and address? |
| 9:13:08 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Direct Examination. By whom are you employed? |

9:13:12 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace And what is your title?

9:13:18 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace How long?

9:13:24 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Caused to be filed prefiled testimony and responses?

9:13:36 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Revisions, amendments, or edits?

9:13:45 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Adopt for purposes of testimony today?

9:13:53 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Asked same questions, answers be same?

9:14:07 AM Chairman Chandler
Note: Sacre, Candace Questions?

9:14:13 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Cross Examination. Vegetation management \$3,316,327 pro forma adjustment over the \$536,000 expense recorded in test year?

9:14:48 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Based on bid of \$10,760 per mile times 358 miles be trimmed yearly?

9:15:01 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Basis for proposal trim 358 miles each year?

9:15:56 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Company trimmed 81 miles in 2021, 213 in 2020?

9:16:10 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace No data for 2010 to 2019?

9:16:27 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace If Commission approve recovery of \$10,760 per mile 358 miles a year, how be assured company would trim for 358 miles per year through rates, how be assured trim 358 miles per year?

9:18:13 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace In 2021 based on costs company decided only trim 81 miles, seems company adjusts miles based on cost, how Commission assured that not be case?

9:19:49 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Revenue issue, not have money?

9:20:00 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Contract with Townsend 2018-2021?

9:20:15 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Response AG Data Request 1-38, got it?

9:20:37 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Was contract for Townsend?

9:20:40 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace How many years cover?

9:20:45 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace 2018 through 2021?

9:20:49 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Under contract, cost per circuit mile?

9:21:07 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace \$2429 per mile, sound right?

9:21:17 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Townsend to trim all 1790 circuit miles?

9:21:29 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Complete circuit?

9:21:34 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace By 2019, Townsend 300 miles behind?

9:21:51 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Did Townsend tell you no longer continue under contract?

9:22:00 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace What happened then?

9:22:49 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Said had no choice but to accept?

9:22:56 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Turn to page 6 of contract?

9:23:07 AM Chairman Chandler
Note: Sacre, Candace Mark as AG Hearing Exhibit 1. (Click on link for further comments.)

9:23:08 AM AG HEARING EXHIBIT 1
Note: Sacre, Candace ASST ATTY GENERAL WEST - WITNESS GRISSOM
Note: Sacre, Candace JPEC 2018-2021 RIGHT-OF-WAY CLEARING CONTRACT DECEMBER 2017

9:24:01 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Bottom page 6, Article 5 Remedies, read section 1?

9:25:35 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Jackson did have other options instead of contractor walk away?

9:26:26 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Based on contract, could not work been performed by someone else and bill sent to Townsend?

9:26:50 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Saying would put you in bad relationship with contractor?

9:27:02 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Then explain?

9:27:25 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Under contract, gotten someone else and make Townsend pay?

9:27:43 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace What happened after contract, new RFP process begun?

9:27:59 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Walk through what happened in process?

9:28:30 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Next year being 2020?

9:28:34 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Going forward, ROW contracts annual contracts?

9:29:48 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Outcome of RFP process for 2020, who winning bidder and how much charge?

9:30:33 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Have per-mile number on that?

9:30:41 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace 2021 contract, who won and how much?

9:31:02 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Per-mile number?

9:31:20 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace How reach \$10,760 per mile number asking in application?

9:31:41 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Know whether number based on review of all miles to be trimmed?

9:31:57 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Ask Mr. Williams?

9:32:03 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Describe 80 miles trimmed in 2021, background on how difficult comparatively those miles to trim compared to rest of system?

9:33:37 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace For miles trimmed in 2021, forested, farmland, how characterize?

9:34:10 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace If knew had less mileage in 2021, not prioritize troublesome areas, areas in need when deciding what to trim?

9:34:57 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace All things mentioned be remedied by addressing most problematic areas on system?

9:35:16 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Who is Scott Ribble?

9:35:26 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace No longer employed?

9:35:34 AM Atty Goss Jackson Purchase
Note: Sacre, Candace Personnel issue, confidential. (Click on link for further comments.)

9:36:22 AM Private Mode Activated

9:36:22 AM Private Recording Activated

9:40:35 AM Chairman Chandler
Note: Sacre, Candace Opportunity to redirect? (Click on link for further comments.)

9:40:43 AM Chairman Chandler
Note: Sacre, Candace Will go back on (public session).

9:40:47 AM Normal Mode Activated

9:40:47 AM Public Recording Activated

9:40:48 AM Chairman Chandler
Note: Sacre, Candace Continue?

9:40:50 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Cross Examination (cont'd). Customer charge, increase from \$16.40 to \$21.25 a month?

9:41:15 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Discuss factors considered when decided request increase customer charge by 29 percent?

9:43:04 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Not hear anything about affordability, consider how impact low/fixed income families?

9:43:54 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Agree increasing customer charge gives customers less ability to control bill through own behavior?

9:44:12 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Explain reasoning?

9:44:59 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace As factual matter, more revenue fixed charges lesser ability people control total bill?

9:45:19 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Explain?

9:45:53 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Saying customer not control bill after made decision on house and hot water heater usage?

9:46:18 AM Asst Atty General West - witness Grissom
Note: Sacre, Candace Beyond that, just making house colder reduces bill?

9:46:35 AM Chairman Chandler
Note: Sacre, Candace Questions?

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| 9:47:51 AM | Chairman Chandler Note: Sacre, Candace | Recess until 9:55. |
| 9:48:03 AM | Session Paused | |
| 10:00:26 AM | Session Resumed | |
| 10:00:30 AM | Chairman Chandler Note: Sacre, Candace | Back on record in Case No. 2021-00358. |
| 10:00:40 AM | Chairman Chandler Note: Sacre, Candace | Questions? |
| 10:00:50 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Cross Examination. Rebid vegetation contract, sent RFPs to contractors or publicize RFP? |
| 10:01:49 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom In past, would Jackson Purchase submit RFP for vegetation management contracts? |
| 10:02:15 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Williams able to speak to that? |
| 10:02:36 AM | Gen Counsel Vinsel PSC Note: Sacre, Candace | Jackson Purchase Response Staff Second Item 21 pg 4 of 26. (Click on link for further comments.) |
| 10:03:26 AM | Chairman Chandler Note: Sacre, Candace | Staff Hearing Exhibit 1? (Click on link for further comments.) |
| 10:03:27 AM | PSC HEARING EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace | GEN COUNSEL VINSEL PSC - WITNESS GRISSOM STAFF SECOND ITEM 21 ATTACHMENT PAGE 4 OF 26 GREG GRISSOM |
| 10:05:13 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Earlier said received three bids, in response five bids, is this correct five bids received? |
| 10:05:32 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Explain, how many bids did you get overall? |
| 10:06:07 AM | Atty Goss Jackson Purchase Note: Sacre, Candace | Want to make sure same page, had asked about 2020 or 2021? (Click on link for further comments.) |
| 10:07:07 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom To clarify, contract rebid in 2019 for 2020 and again in 2020 for 2021, correct? |
| 10:07:24 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom In 2019 bid, how many bids receive in 2019 bid process? |
| 10:07:44 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Townsend one of those? |
| 10:07:51 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom In 2020 for 2021 contract, how many bids receive? |
| 10:08:16 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Jackson Purchase will be bidding out contract on annual basis? |
| 10:09:03 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom When Townsend breach 2018 contract? |
| 10:09:18 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Why Townsend breach contract? |
| 10:10:07 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Contract unsustainable, below market price, Jackson Purchase aware contract below market price and not sustainable? |
| 10:10:57 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom If contractor breached contract, why reasonable consider contractor again? |

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| 10:11:36 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Not quite true, got three bids in 2019 for 2020 and five bids in 2020 for 2021, were other contractors willing to do it? |
| 10:11:55 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Go to exhibit handed out, Townsend hourly bid, roughly \$50,000 lower than next lowest bidder, Townsend contract \$140,000 less than highest bidder, not have concerns price differences Townsend again unsustainable contract price even on annual basis? |
| 10:14:32 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Obligations already breached earlier, what confidence have not breach again? |
| 10:15:08 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom In 2021, only 81 miles cleared? |
| 10:15:21 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom What was contracted amount to be cleared? |
| 10:15:35 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Townsend not meet contractual obligation? |
| 10:15:41 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom What remedy Jackson Purchase seek for failure meet contractual obligation? |
| 10:16:30 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Jackson Purchase not have data for vegetation management mileage before 2019? |
| 10:16:48 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Why is there no data on that? |
| 10:17:54 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Fair say not know why no data maintained on miles cleared vegetation management program? |
| 10:18:15 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Degree of oversight and Townsend failure meet contractual obligation in 2021, what oversight to ensure Townsend meeting contractual obligation? |
| 10:19:03 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom When begin that program? |
| 10:20:04 AM | Gen Counsel Vinsel PSC Note: Sacre, Candace | Introduce as Staff Hearing Exhibits No. 2 and No. 3. 2019-00326 application for CPCN headquarters facility, cover page and affidavit, page 7, Williams testimony Staff Exhibit 2; Staff Exhibit 3 Grissom testimony, cover page and affidavit, page 12. |
| 10:21:01 AM | Chairman Chandler Note: Sacre, Candace | Staff Hearing Exhibits 2 and 3. |
| 10:21:05 AM | PSC HEARING EXHIBIT 2 Note: Sacre, Candace Note: Sacre, Candace | GEN COUNSEL VINSEL PSC - WITNESS GRISSOM CASE NO. 2019-00326 DIRECT TESTIMONY OF JEFFREY R. WILLIAMS CFO/VP OF FINANCE ACCOUNTING & MEMBER SERVICES ON BEHALF OF JPEC SEPTEMBER 13 2019 |
| 10:21:06 AM | PSC HEARING EXHIBIT 3 Note: Sacre, Candace Note: Sacre, Candace | GEN COUNSEL VINSEL PSC - WITNESS GRISSOM CASE NO. 2019-00326 DIRECT TESTIMONY OF GREG GRISSOM PRESIDENT AND CEO ON BEHALF OF JPEC SEPTEMBER 13 2019 |
| 10:22:07 AM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Grissom Hearing Exhibit 2, Williams testimony, table, top quarter of page, reading (click on link for further comments), numbers reflect projected savings new headquarters? |

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| 10:23:38 AM | Gen Counsel Vinsel PSC - witness Grissom Note: Sacre, Candace | Agree between 2022 and 2028, projected savings annually \$41,822? |
| 10:24:04 AM | Gen Counsel Vinsel PSC - witness Grissom Note: Sacre, Candace | Turn to your testimony, page 12, line 3 down through 8, reading (click on link for further comments), confirm read accurately? |
| 10:25:24 AM | Gen Counsel Vinsel PSC - witness Grissom Note: Sacre, Candace | What Jackson Purchase electric savings expense been with new headquarters? |
| 10:25:41 AM | Gen Counsel Vinsel PSC Note: Sacre, Candace | Post-hearing data request in writing, ask for electric expense recorded for new headquarters for months of Nov 2021 to Jan 2022 by month, aware case record have electric cost expenses June 2021 and Oct 2021. |
| 10:26:32 AM | POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace | GEN COUNSEL VINSEL PSC - WITNESS GRISSOM ELECTRIC EXPENSE FOR NEW HEADQUARTERS BUILDINGS FOR NOV 2021 TO JAN 2022 BY MONTH |
| 10:27:15 AM | Chairman Chandler Note: Sacre, Candace | Questions? |
| 10:27:17 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Examination. 2021 performance of Townsend 81 miles of 360 supposed to do, paid by mile or paid for year? |
| 10:28:14 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | How much actually paid, paid for 81 per mile basis, get everything expected under contract? |
| 10:28:30 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Feel Townsend performing contract way supposed to, happy with 81 miles? |
| 10:29:31 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Behind in five-year cycle? |
| 10:29:39 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Plans get caught up hire second contractor? |
| 10:30:01 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | What asking for reflect cost to achieve that goal? |
| 10:30:33 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Think what asked for too low because of labor costs? |
| 10:30:47 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | When Townsend defaulted longer-term contract, reference to reporting to Board Feb 2020 second contractor in to help cover for Townsend, understanding that right? |
| 10:31:42 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Charged back to Townsend under previous contract? |
| 10:31:51 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Know why? |
| 10:32:07 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Right service territory not hit by December tornadic event? |
| 10:32:24 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | No extraordinary costs related to that? |
| 10:32:42 AM | Chairman Chandler Note: Sacre, Candace | Questions? |
| 10:32:47 AM | Commissioner Butler - witness Grissom Note: Sacre, Candace | Examination. Not able complete five-year cycle, overgrowth, attribute any outages had not able trim area? |

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| 10:33:18 AM | Commissioner Butler - witness Grissom Note: Sacre, Candace | Able to charge any labor to reconnect or do repairs back to Townsend? |
| 10:33:38 AM | Commissioner Butler - witness Grissom Note: Sacre, Candace | Because not in contract? |
| 10:33:50 AM | POST-HEARING DATA REQUEST Note: Sacre, Candace | COMMISSIONER BUTLER - WITNESS GRISSOM |
| 10:33:52 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | WHY NOT CHARGE LABOR OR REPAIR COSTS BACK TO TOWNSEND |
| 10:35:57 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Examination. If had come to Jackson Purchase in 2017, have agreed let Townsend out of contract, is your contention think Jackson Purchase did everything right, Townsend exact same way, or did the best could under conditions but do not penalize on past decisions whether right or wrong? |
| 10:36:07 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | CEO when Townsend released from contract? |
| 10:36:23 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Jackson Purchase get opinions from counsel rights and obligations under contract? |
| 10:36:34 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Unaware written opinions? |
| 10:37:11 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Reason Townsend and others want to do one-year contract, may use money in outer years multi-year contract, not much risk is let go of contract if going to lose money? |
| 10:37:49 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Direct result not losing money having to maintain contract instead now Jackson Purchase customers have to pay more for vegetation management? |
| 10:37:58 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Not new to industry, worked at other utilities in area? |
| 10:38:04 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Worked with contractors before? |
| 10:38:45 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Difference in pricing one-year and multi-year contracts? |
| 10:39:08 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Find longer terms contracts more expensive or cheaper for these costs? |
| 10:39:23 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Function of other parties' risks? |
| 10:39:40 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Today, expect charge more for longer term contract? |
| 10:40:13 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Issue related to Townsend not completing mileage supposed to under previous contract, exclusively issue with Townsend or both Townsend and Jackson Purchase? |
| 10:41:21 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | How have you rectified issue with Townsend? |
| 10:41:46 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Jackson Purchase plan four-year or five-year cycle? |
| | | Know what original underpinning was for five-year cycle opposed to three-, four-, or six-year cycle? |

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| 10:42:19 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Commission has done investigations before other utilities, made changes, moved to cycle or combined cycle and spot vegetation, basis for conclusion that five years right number? |
| 10:43:33 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Circuits trimmed year 2, 3, 4 or 5, higher SAIDI or SAIFI numbers? |
| 10:43:54 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Big dropoff/increase in reliability metric between year 2 and 3 or 3 and 4 or 3 and 5 or 3, 4, and 5 at same level and 6 big increase and why stuck with 5, anything quantitative confirm 5 being right amount? |
| 10:45:46 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | AG recommendations around what Commission make utility do focused management, no idea labor shortages increase prices or level out? |
| 10:46:23 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Vegetation management costs increased last five, six, seven years? |
| 10:46:34 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Agree Jackson Purchase same vegetation management process doing five, six, seven years ago? |
| 10:46:44 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Any concern given cost, risks, reliability, costs to members given consideration looking at going forward business as usual necessarily the best way? |
| 10:48:08 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Not asking draw out longer, just doing things different at all? |
| 10:48:35 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Testimony about reduction in head count, level head count, or size of utility, ranked 64th out of 69 utilities in terms head count, not only cost getting things done, looked at bringing certain vegetation management expenses/tasks in house opposed continue do it by contractor? |
| 10:50:12 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Talked to individual utilities or KU, TVA cooperatives, about going in together and bidding for contractors in order reduce costs? |
| 10:51:29 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Utilities already doing vegetation management, just reallocation of resources? |
| 10:51:52 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Townsend not specific to your service territory? |
| 10:52:13 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Know if Townsend does work for nearby utilities? |
| 10:52:23 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Examination. Townsend 1300 employees, reliant on contract labor or using own direct employees? |
| 10:52:48 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Examination (cont'd). Press release had need for rate case, vegetation management and new headquarters, headquarters greater driver of costs in reality than expected when sought approval to build it? |
| 10:54:03 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Time not best time to building something, more expensive than initially anticipated? |
| 10:54:47 AM | Chairman Chandler - witness Grissom Note: Sacre, Candace | Sold previous building? |

10:55:01 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Get out of it what thought?

10:55:20 AM Chairman Chandler
Note: Sacre, Candace Recess until 11:10.

10:55:38 AM Session Paused

11:16:17 AM Session Resumed

11:16:18 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Redirect Examination. Amount of right of way maintenance performed in '20 and '21, Response to Staff Second, Item 21, asks for information about Townsend contract, understood say in year 2021 supposed to have trimmed 350 miles but only trimmed 80, remember?

11:17:49 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Referring you to page 6 of 26, PSC Request 2-21, testimony Townsend walked away/opted out ROW contract in fall of 2019?

11:18:30 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Tell us what Jackson Purchase had to do to keep cutting trees?

11:18:51 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace That was 2019 bids for 2020 work?

11:18:58 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Refer to page 6 of 26, ROW clearing contract, end of contract indicates at page 13-14 of 26 contract put in place in March 2020?

11:19:32 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Who contract with?

11:19:36 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Who is Halter Group?

11:19:44 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Where located?

11:19:48 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Ever done work with Halter Group?

11:19:56 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Ever done work with Halter Group prior two co-ops?

11:20:08 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Page 1 of contract, in record page 6 of 26, Section 2, how many miles of ROW Halter supposed to have trimmed in territory?

11:20:29 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Page 14 of 26, signature page, tell Commission what price Halter Group supposed to do work for?

11:20:58 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace \$544,912 and divide by 350 miles, \$1557 per mile, agree?

11:21:28 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Appears Jackson Purchase got favorable contract with Halter Group to replace one Townsend walked away from?

11:21:46 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Tell Commission how Halter Group performance was?

11:22:00 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Generally speaking, what is recollection whether Halter performed adequately?

11:22:15 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Embellish, how did they not perform, what were problems with them?

11:22:36 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Know how many miles of 350 miles right of way Halter Group cut in 2020 at \$1556 a mile?

11:22:55 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Refer you to AG First Request, Item 38, pg 57 of 74, comes from operations report provided to board of directors sometime in 2021, correct?

11:24:22 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace What does chart show?

11:24:51 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Look at Halter Group column, appears Halter worked on Smithland circuit and Salem circuit in 2020?

11:25:11 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Shows how much it cost per circuit and per mile cost and shows mileage that Halter actually trimmed in 2020 at 39.51 + 65.54?

11:25:42 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Appears to be 105 miles?

11:25:55 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace In 2020, Halter had 350-mile contract but only trimmed 105 miles?

11:26:12 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Why only trim 105 of 350?

11:26:24 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Tell us what happened?

11:27:00 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace At time contract entered into with Halter, page 11 of 26 of AG 2-21, mark outs on Section 2 and 3 of contract which appears to say liquidated damages provision was waived or not made effective?

11:27:35 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace When Halter left, what did Jackson Purchase do for rest of 2020?

11:28:02 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Going back to AG First, Item 38, page 57 of 74, Townsend portion of chart, appears trimmed in 2020 Hampton, Lovelessville, Blandville, and Cunningham circuits, correct?

11:28:39 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace At what cost per mile circuits trimmed by Townsend?

11:29:02 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace \$56.64 maybe all in Halter and Townsend, I just want to know about Townsend?

11:29:15 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Jackson Purchase have formal written ROW contract with Townsend in 2020?

11:29:25 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Handshake, how describe arrangement with Townsend?

11:29:41 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Ten miles in Hampton, 36.88 miles Lovelessville circuit, 15.24 miles for Blandville circuit, and 45.36 miles for Cunningham circuit, almost 160 miles of ROW maintenance Townsend performed in 2020 pursuant to verbal agreement, be accurate?

11:30:30 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Total 2020, chart, 212 miles trimmed, 160 by Townsend and balance by Halter?

11:30:52 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Move to 2021, what Jackson Purchase do in 2020 for 2021 cutting year?

11:31:20 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Townsend brought back in to perform cutting for 2021?

11:31:42 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Staff Second, Item 21, page 17 of 26, ROW Agreement, appears to be agreement dated 9th day of some month in 2021, between Jackson and Townsend, correct?

11:33:30 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace End of contract, general recollection what time of year in 2021, this 9th day of whatever would have been?

11:33:55 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Page 23 of 26, Request 21, page 7 of contract, Section 17, appears be three cycles that Townsend would trim for year 2021?

11:34:32 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Read paragraph 17?

11:35:19 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Jackson Purchase contract with Townsend 2021 cutting year was for 80.6 miles?

11:35:34 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Page 24 of 26, Section 18, cost for all trimming was to have been?

11:36:01 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Work to be completed under Section 19 of contract when?

11:36:18 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Go back to AG First Request, No. 38, chart, next page, 2021 year, page 58 of 74, another chart 2021 ROW plan, what is that?

11:37:56 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace What circuits appear on chart for Townsend to trim?

11:38:11 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Same three circuits discussed in Jackson Purchase contract?

11:38:24 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace In 2021 supposed to have trimmed 80 miles before Dec 15 2021, ask if Townsend did that?

11:38:41 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Perform under 2021 contract as required to do?

11:38:55 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Examination. Contract in 2021 with Townsend, only ROW contractor contract had in 2021?

11:39:04 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Was contract amount on a per job, per mile, per circuit, per hour basis?

11:39:25 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Contracts for 2022 on job, per mile, circuit, or hour basis?

11:39:40 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Contracts Townsend released from on per job, per hour, per circuit, or per mile basis?

11:40:08 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Current ones per circuit?

11:40:42 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Hourly basis, not fixed contract?

11:40:54 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Per mile or per circuit basis, fixed contract, know what going to cost to finish on circuit basis?

11:41:06 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Latter situation know as fixed matter what cost at time of contract, what have today with Townsend?

11:42:01 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Hot spot costs is what looking at pricing for staff Hearing Exhibit 1?

11:42:11 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Foreman, helper, truck, chipper, and chainsaw?

11:42:24 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Not systematic issue, as needed based off demand type of contract?

11:42:36 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Redirect Examination (cont'd). Is it easy or possible for utility take time and materials contract and extrapolate what per circuit mile equivalent be?

11:42:59 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Why?

11:43:31 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Fact Townsend let out of contract, getting past that, in 2020, appears stepped up when asked at increased price and cut 107 miles of ROW?

11:44:06 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace In 2021, performed 80-mile contract?

11:44:14 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Why not enter into full cycle, why not 358-mile contract with Townsend for 2021?

11:44:26 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Could have afforded it at their price?

11:44:39 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Examination. Not understand response, at today's financial, what was rest of response?

11:45:06 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Failed to meet TIER or OTIER or DSC requirements in last five years?

11:45:37 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Aware what TIER was in 2021?

11:45:52 AM Chairman Chandler - witness Grissom
Note: Sacre, Candace Looking at cost, put you in noncompliance with TIER or OTIER numbers?

11:46:14 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Redirect Examination (cont'd). What is opinion as to ramifications to Jackson Purchase have been had it hired a substitute contractor and filed suit against Townsend?

11:47:16 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Why have that opinion?

11:47:36 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace As sit here, think Jackson Purchase did right thing in not pursuing liquidated damages against Townsend?

11:48:08 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Townsend still hooked to Jackson Purchase wagon?

11:48:32 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Refer to AG First, Item 40, tell Commission what AG 1-40 pg 2 of 3 is?

11:49:36 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Prior to coming to Jackson Purchase, procedure in place?

11:49:44 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Why feel it necessary do this?

11:49:54 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace What is philosophy?

11:50:56 AM Atty Goss Jackson Purchase - witness Grissom
Note: Sacre, Candace Mentioned ground to sky, what options does utility have to direct contractor how to do it?

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| 11:51:35 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Give some specifics about what safety space is, not ROW experts, want to know what dealing with? |
| 11:52:23 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Ground to sky, take everything out? |
| 11:52:30 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Other options to save money? |
| 11:52:51 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Other philosophies how to trim? |
| 11:52:59 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Tell about that? |
| 11:53:27 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Tell why Jackson Purchase philosophy trim ground to sky? |
| 11:54:01 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Could Jackson Purchase save money if opted only trim IEEE or OSHA requirements 15 feet below neutral, save money doing that opposed to ground to sky? |
| 11:54:42 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | In testimony, Kollen says Commission should reduce pro forma adjustment for ROW trimming by \$1.824 million, recall? |
| 11:55:00 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Suggested methodology, take average cost per circuit mile in 2020 and multiply by number of miles trim every year, pro forma adjustment should be, aware? |
| 11:55:31 AM | Atty Goss Jackson Purchase - witness Grissom Note: Sacre, Candace | Have opinion as to whether Kollen recommendation use 2020 numbers - |
| 11:55:40 AM | Asst Atty General West Note: Sacre, Candace | Objection, rebuttal not redirect. (Click on link for further comments.) |
| 11:56:36 AM | Chairman Chandler Note: Sacre, Candace | Sustain objection. (Click on link for further comments.) |
| 11:57:42 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | Examination. Ground to sky, had complaints about that? |
| 11:58:30 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | If not, compromise or still do ground to sky? |
| 11:59:00 AM | Vice Chairman Cabbage - witness Grissom Note: Sacre, Candace | At times, do compromise? |
| 11:59:51 AM | Chairman Chandler Note: Sacre, Candace | Procedural discussion. (Click on link for further comments.) |
| 12:00:37 PM | Chairman Chandler Note: Sacre, Candace | Next witness? |
| 12:00:53 PM | Atty Honaker Jackson Purchase Note: Sacre, Candace | Jeff Williams. |
| 12:01:00 PM | Chairman Chandler Note: Sacre, Candace | Witness is sworn. |
| 12:01:06 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Examination. Name and address? |
| 12:01:23 PM | Atty Honaker Jackson Purchase - witness Williams Note: Sacre, Candace | Direct Examination. How employed? |
| 12:01:27 PM | Atty Honaker Jackson Purchase - witness Williams Note: Sacre, Candace | Business address? |
| 12:01:40 PM | Atty Honaker Jackson Purchase - witness Williams Note: Sacre, Candace | Same Jeff Williams filed testimony and responses? |

12:01:47 PM Atty Honaker Jackson Purchase - witness Williams
Note: Sacre, Candace Additions, corrections?

12:01:53 PM Atty Honaker Jackson Purchase - witness Williams
Note: Sacre, Candace Same questions, responses be same?

12:01:58 PM Atty Honaker Jackson Purchase - witness Williams
Note: Sacre, Candace Desire and intent incorporate into record?

12:02:20 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Cross Examination. Per mile number used to calculate ROW cost \$10,760 per mile?

12:02:41 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Basis for that number?

12:02:55 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Saying \$10,760 number is 2021 cutting year winning bid?

12:03:07 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Total cost divided by total number of miles?

12:03:56 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Know whether that number \$10,760 per mile based on review of all 1790 circuit miles to be trimmed?

12:04:35 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Just heard Grissom regarding contract with Halter in 2020?

12:04:53 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Per mile cost for that contract was \$1500?

12:05:12 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Accept representation Goss did calculations dividing total cost to be paid to Halter by 350 miles and somewhere around \$1500?

12:05:37 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Refer to 2020 ROW summary, page 57 of 74, what does that spreadsheet say is per-mile cost Halter received in 2020?

12:06:33 PM Asst Atty General West - witness Williams
Note: Sacre, Candace If contract for 350 miles cut at X price results in \$1500 per mile, why receive \$6,000 per mile?

12:07:02 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Actual cost per mile Halter charged and was paid just under \$6,000?

12:08:11 PM Asst Atty General West - witness Williams
Note: Sacre, Candace Wouldn't be four times cost?

12:08:27 PM Chairman Chandler
Note: Sacre, Candace Questions?

12:08:37 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Cross Examination. Did math also Halter contract, does look like \$1,556 per mile in contract, so there we are. Think may be confused, Grissom testified to this, Staff Hearing Exhibit 1, five bids received 2020 for 2021 service, only for hot spot service?

12:10:26 PM Chairman Chandler - witness Williams
Note: Sacre, Candace Examination. Saying can't find out how many miles actually cut?

12:10:59 PM Chairman Chandler - witness Williams
Note: Sacre, Candace I get you can't, my question can utility tell us definitely those miles actually cut?

12:11:34 PM Chairman Chandler - witness Williams
Note: Sacre, Candace Provide documentary evidence somebody at utility said it was cut?

12:11:50 PM Chairman Chandler
Note: Sacre, Candace Go ahead.

12:11:56 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Looking at Exhibit 4 to testimony in application, calendar year 2020, contracts with two contractors Halter and Townsend?

12:13:44 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Halter, circuit cutting or hot spot?

12:14:11 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Two separate ROW contracts, one for hot spots, one for circuits?

12:14:34 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace For 2021, how many ROW contracts Jackson Purchase have?

12:14:49 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Any handshake agreements?

12:14:55 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Actual written legal contract?

12:15:00 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace With Townsend and covered 80 miles?

12:15:08 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace And that was circuit?

12:15:27 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Looking at bids on 2020 circuits in exhibit shows four bidders, Wolf Tree, Integrity, Townsend, and W A Kendall?

12:16:23 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Contract with Townsend for 2021 was for 80 miles to stay on vegetation management five-year plan?

12:16:46 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace 80 miles selected for financial reasons only?

12:18:17 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Post-hearing data request Jackson Purchase TIER and OTIER for past 15 calendar years separately noting greatest swing in TIERS from year to year.

12:18:19 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS WILLIAMS
Note: Sacre, Candace TIER AND OTIER FOR PAST 15 CALENDAR YEARS NOTING GREATEST SWING IN TIERS FROM YEAR TO YEAR

12:19:22 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Know what savings been on electric service expense since moving into new headquarters?

12:19:41 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace What is projected savings?

12:21:50 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Post-hearing data request cost support for meter test request fee of \$35.

12:21:51 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS WILLIAMS
Note: Sacre, Candace COST SUPPORT FOR METER TEST REQUEST FEE OF \$35

12:22:15 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Meter pole perpetual lease fee, charged on annual basis, one-time fee, monthly basis?

12:22:52 PM Gen Counsel Vinsel PSC - witness Williams
Note: Sacre, Candace Ask that as post-hearing data request meter pole perpetual lease fee, read tariff, does not indicate frequency of when fee be charged.

12:22:54 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS WILLIAMS
Note: Sacre, Candace FREQUENCY OF METER POLE PERPETUAL LEASE FEE

12:23:18 PM Commissioner Butler - witness Williams
Note: Sacre, Candace Examination. Circuit cutting and hot spot cutting, hot spot after an incident, how define hot spot?

12:23:56 PM Commissioner Butler - witness Williams
Note: Sacre, Candace Hot spot reactive?

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| 12:24:00 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | Circuit cutting proactive? |
| 12:24:03 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | Doing hot spot, show if it should have already been cut and contractor failed to cut? |
| 12:24:40 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | Hot spot much more expensive? |
| 12:24:51 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | If problem occurring because contractor not cut circuit, not sure fair put on ratepayers for inability to do their job? |
| 12:25:52 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | Not know how much doing in hot spot at some time doing circuit, doing just as much, if done circuit year before, would have saved that money? |
| 12:26:42 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | Have data show should have done circuit 3, 4, and 5 in 2019, didn't get to 3 and 4, but in 2020 still not get to them but had five, six hot spots? |
| 12:27:01 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | Have that data to show those circuits not cut yet had hot spots when should been cut year prior by contractor? |
| 12:27:41 PM | Commissioner Butler - witness Williams Note: Sacre, Candace | Post-hearing data request, will try to word it. |
| 12:27:42 PM | POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace | COMMISSIONER BUTLER - WITNESS WILLIAMS SHOW CIRCUITS NOT CUT BUT WITH HOT SPOTS OCCURRING WHEN SHOULD HAVE BEEN CUT PRIOR YEAR BY CONTACTOR |
| 12:27:48 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Examination. On own system, 35 to 40 percent savings, savings in what? |
| 12:28:13 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | KWh basis? |
| 12:28:49 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Seems Grissom turning to you tell him savings, his testimony located in Jackson Purchase service territory saving approximately 35 to 45 percent off current power bill, only assumed 35 to 45 percent reduction in rate, here talking exclusively talking about bill, not rate? |
| 12:29:48 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Did not tell us only assuming rate, when proposed new facility, reduction in power bill? |
| 12:30:06 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | In the bill? |
| 12:30:13 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Less, less? |
| 12:30:44 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | When checked property taxes, assume same square footage as current building or square footage of new building? |
| 12:31:16 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Your testimony have to have entire twelve months of data known and measurable adjustment? |
| 12:32:09 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Said needed whole year to make known and measurable adjustment? |
| 12:32:26 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Not necessarily the case, saying only had three months? |

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| 12:33:26 PM | Chairman Chandler Note: Sacre, Candace | Recess until 1:30. |
| 12:33:44 PM | Session Paused | |
| 1:36:43 PM | Session Resumed | |
| 1:36:55 PM | Session Paused | |
| 1:37:02 PM | Session Resumed | |
| 1:37:04 PM | Chairman Chandler Note: Sacre, Candace | Back on the record in Case No. 2021-00358. |
| 1:37:13 PM | Chairman Chandler Note: Sacre, Candace | Redirect? |
| 1:37:20 PM | Atty Honaker Jackson Purchase - witness Williams Note: Sacre, Candace | Redirect Examination. Recall asked about \$10,760 number included in pro forma adjustment? |
| 1:37:36 PM | Atty Honaker Jackson Purchase - witness Williams Note: Sacre, Candace | Tell us what actually entails, just for circuit, include hourly, include hot spots? |
| 1:39:00 PM | Atty Honaker Jackson Purchase - witness Williams Note: Sacre, Candace | Vegetation management could be more than \$10,760 but Jackson Purchase chose not to ask for additional? |
| 1:39:56 PM | Chairman Chandler Note: Sacre, Candace | You may step down. |
| 1:40:09 PM | Chairman Chandler Note: Sacre, Candace | Next witness? |
| 1:40:10 PM | Atty Honaker Jackson Purchase Note: Sacre, Candace | John Wolfram. |
| 1:40:23 PM | Chairman Chandler Note: Sacre, Candace | Witness is sworn. |
| 1:40:32 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Examination. Name and address? |
| 1:40:47 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Direct Examination. How employed? |
| 1:40:53 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Here on behalf of Jackson Purchase? |
| 1:40:57 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Same Wolfram cause testimony, rebuttal, and responses be filed? |
| 1:41:06 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Additions, revisions, or corrections? |
| 1:41:11 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Asked same questions, responses be same? |
| 1:41:15 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Desire and intent incorporate into record? |
| 1:41:22 PM | Chairman Chandler Note: Sacre, Candace | Questions? |
| 1:41:27 PM | Asst Atty General West - witness Wolfram Note: Sacre, Candace | Cross Examination. Expert in Kenergy streamlined rate case 2021-00066? |
| 1:41:40 PM | Asst Atty General West - witness Wolfram Note: Sacre, Candace | Final Order approving rates issued June 2021? |
| 1:41:51 PM | Asst Atty General West - witness Wolfram Note: Sacre, Candace | Kenergy application sought pro forma adjustment vegetation management, recall roughly amount of that? |
| 1:42:10 PM | Asst Atty General West - witness Wolfram Note: Sacre, Candace | What number do you have in mind, have in notes requested \$4,477,000 roughly, consistent with recollection? |

1:42:45 PM Asst Atty General West - witness Wolfram
Note: Sacre, Candace Recall roughly rate per mile rate based on?

1:42:54 PM Asst Atty General West - witness Wolfram
Note: Sacre, Candace Subject to check, agree based on rate of \$4,910 per mile per signed contracts?

1:43:05 PM Asst Atty General West - witness Wolfram
Note: Sacre, Candace Based on bids received pursuant to RFP process before October 2020?

1:43:26 PM Asst Atty General West - witness Wolfram
Note: Sacre, Candace Those signed contracts \$4,910 a mile, what companies with?

1:43:40 PM Asst Atty General West - witness Wolfram
Note: Sacre, Candace Townsend and Halter?

1:43:50 PM Asst Atty General West - witness Wolfram
Note: Sacre, Candace Same companies discussed here today Jackson Purchase contracted past couple years?

1:44:10 PM Gen Counsel Vinsel PSC - witness Wolfram
Note: Sacre, Candace Cross Examination. Wages and salaries expense pro forma adjustment based upon 2021 salary levels?

1:45:33 PM Chairman Chandler - witness Wolfram
Note: Sacre, Candace Examination. Annual expense for 12 months ending April 2021, the 12 months beginning April 2021, is it an annualized 12 times whatever expense was in April 2021, explain that?

1:47:25 PM Chairman Chandler - witness Wolfram
Note: Sacre, Candace Done that before, taken single month's wage rates and multiplied by presumed test year amount of overtime and presuming everybody works full 2080?

1:47:43 PM Chairman Chandler - witness Wolfram
Note: Sacre, Candace One month?

1:48:36 PM Gen Counsel Vinsel PSC - witness Wolfram
Note: Sacre, Candace Cross Examination (cont'd). When say average wage rate, take all wage rates and create in the aggregate and average?

1:49:35 PM Gen Counsel Vinsel PSC - witness Wolfram
Note: Sacre, Candace Several post-hearing date requests, payroll for calendar year 2021, breakout of regular overtime and any other type of pay rate, salary expenses for certain accounts, full time equivalent positions 2016 - 2021, itemized list contractual services expenses calendar years 2016 to 2021, number of FET equivalents has today.

1:49:36 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS WOLFRAM
Note: Sacre, Candace SEE WRITTEN POST-HEARING DATA REQUESTS

1:49:37 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS WOLFRAM
Note: Sacre, Candace SEE WRITTEN POST-HEARING DATA REQUESTS

1:49:38 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS WOLFRAM
Note: Sacre, Candace SEE WRITTEN POST-HEARING DATA REQUESTS

1:50:41 PM Gen Counsel Vinsel PSC - witness Wolfram
Note: Sacre, Candace Why not pro forma adjustment for electric service expense new headquarters similar to pro forma adjustment wages and salaries outside historical test year?

1:54:42 PM Gen Counsel Vinsel PSC - witness Wolfram
Note: Sacre, Candace Clarify test year cost for vegetation management, include circuit clearing, hot spots, and takedowns?

1:54:43 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS WOLFRAM

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| | Note: Sacre, Candace | CLARIFY TEST YEAR COSTS FOR VEGETATION MANAGMENT INCLUDE CIRCUIT CLEARING, HOT SPOTS, AND TAKEDOWNS |
| 1:55:43 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Rebuttal testimony, proceeds Nov 2021 RUS note, pay off line of credit agreement, extra funds avoid borrowing on line of credit agreement, confirm extra funds not used to pay line of credit agreement \$2.153 million? |
| 1:55:44 PM | POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace | GEN COUNSEL VINSEL PSC - WITNESS WOLFRAM CONFIRM EXTRA NOV 2021 RUS VUNDS NOT USED TO PAY LINE OF CREDIT AGREEMENT TOTALED \$2.153 MILLION |
| 1:57:40 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Know how Jackson Purchase proposes spend extra funds? |
| 1:57:55 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Reference to avoid borrowing on line of credit agreement, particular projects envisioned that might need be borrowed? |
| 1:57:56 PM | POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace | GEN COUNSEL VINSEL PSC - WITNESS WOLFRAM PARTICULAR PROJECTS ENVISIONED THAT MAY NEED FUNDS BORROWED |
| 1:59:01 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Revenue allocation and rate design, originally proposed target rate of return 3.3 percent? |
| 1:59:24 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Purpose of 3.3 percent ROR eliminate/reduce interclass subsidization? |
| 1:59:37 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram What was basis for choosing 3.3 percent? |
| 2:00:26 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram It's the math? |
| 2:00:47 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Follow up rate of return, rebuttal testimony, Exhibit JW-3. |
| 2:01:02 PM | Gen Counsel Vinsel PSC Note: Sacre, Candace | Introduce Staff Hearing Exhibit 4, Wolfram Exhibit JW-3 rebuttal, PSC Staff Exhibit 4. |
| 2:01:45 PM | Chairman Chandler Note: Sacre, Candace | Staff Hearing Exhibit 4. |
| 2:01:46 PM | PSC HEARING EXHIBIT 4 Note: Sacre, Candace Note: Sacre, Candace | GEN COUNSEL VINSEL PSC - WITNESS WOLFRAM JPEC SUMMARY OF RATES OF RETURN BY BLASS EXHIBIT JW-3 PAGE 1 OF 1 |
| 2:02:15 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram This was an exhibit to rebuttal testimony? |
| 2:02:20 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram This page shows summary of rates of return by class? |
| 2:02:26 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Table, lower right column, After Proposed Rate Revisions, proposed ROR on table based on original revenue increase of \$7.3 million or revised increase of \$7.1 million? |
| 2:03:51 PM | Gen Counsel Vinsel PSC - witness Note: Sacre, Candace | Wolfram Looking at table, as proposed 3.3 percent ROR, now total average is 4.35 and residential is 4.39 percent, why that move away from 3.3 percent? |

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| 2:05:33 PM | Gen Counsel Vinsel PSC - witness Wolfram Note: Sacre, Candace | If Commission were make adjustments, what recommendation be on how should be handled? |
| 2:07:00 PM | Chairman Chandler Note: Sacre, Candace | Questions? |
| 2:07:06 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Examination. Focus on unitized rate of return, what recommendation be if revenue requirement not same as filed by Jackson Purchase? |
| 2:08:12 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Saying bring classes into parity on ROR basis? |
| 2:08:19 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Every class have unitized rate of return of one, overall increase has to be one, every class also be one? |
| 2:08:54 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | For Rate R, C-1, C-3, D non-direct serve, and I-E, XXXXX, would want same ROR post pro forma adjustments? |
| 2:09:42 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | I don't see that on this exhibit? |
| 2:10:04 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Reason 0.84 is unitized ROR for lighting and direct serve in excess of 1.0? |
| 2:10:20 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Post pro forma adjustment rate of returns equal to reduce all subsidies except those provided by direct serve and lighting? |
| 2:10:36 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Questions on rate design COS rate of return, hear questions West asking Grissom about customer charge? |
| 2:11:03 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | And Grissom explanation perception of cost to serve individual residential customer or homogeneous group residential customers? |
| 2:11:15 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Rate design generally first come up with homogenous groups cost to serve similar? |
| 2:11:38 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Residential customers regardless of size, small nuances, single residential class? |
| 2:12:02 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Heard Grissom talk about similarities in way residential customers incur costs, each one have service drop and meter, remember? |
| 2:12:23 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | For most part service drops same for majority of residential customers, agree fairly similar cost for each residential customer? |
| 2:12:44 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | And same for meter? |
| 2:12:51 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Both direct costs discernible for each residential customer? |
| 2:13:03 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Then sort of indirect costs, amount could vary, poles and distribution conducting, some homes closer less poles, some further apart, costs could vary, agree? |
| 2:13:50 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | For most part, types of cost same, level of cost to serve individual home can vary? |

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| 2:14:22 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Some costs just make sense in terms of COS methodology, allocate jointly incurred costs per customer basis, most logical billing, cost related to number of customers, agree? |
| 2:15:27 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Anybody ever argue meter service drop and billing are not customer related expenses? |
| 2:16:02 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Other stuff considered to be customer related, conducting and number of poles, purposes of COSS, determining what portion customer and what portion demand, minimum size versus zero intercept study, zero is statistical analysis to determine relationship between cost and number of customers, what zero intercept study looks at? |
| 2:17:07 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | That assumption related to minimum size says taking minimum conducting and size pole what cost incur connect next customer? |
| 2:17:44 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Switch to taking COSS, total cost allocate on basis customer numbers each class, took that number and divided by billing determinants include customer and months to come up with what you believe be supportable customer charge calculation, right? |
| 2:18:19 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | In COSS, have bucket of customer related costs by class, right? |
| 2:18:28 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Have lots of buckets, one is residential costs allocated on customer count, another commercial, another demand, residential customer charge just taking that bucket customer related costs dividing by 12, and dividing by test year number of customers expect, total bills? |
| 2:19:33 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Forget costs all agree related to serving individual customer, very straightforward to determine per-customer cost of billing, inarguable portion of costs allocated on per-customer basis are customer related, unreasonable to allocate any differently? |
| 2:20:50 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Portion subjective or entirely objective, if subjective what depend on? |
| 2:22:58 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Minimum size study objective in sense just inputting cost utility already incurs? |
| 2:23:40 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Does minimum system study presume causal relationship between certain costs and number of customers? |
| 2:24:11 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | After whole discussion, cost support provided for customer charge proposed to be most convenient way recover costs allocated under COSS? |
| 2:24:47 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Going to make up numbers, putting in bucket and dividing by 12 dividing by number of customers, get per month per customer cost support? |
| 2:25:04 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | By proposing that and use for purposes of rate design most convenient way to recover revenue requirement way reflected in COSS? |

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| 2:25:50 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Saying cost based, but if automatically take that and charge customers that amount, assumption of how cost incurred lead to automatically recover cost from customers in that manner? |
| 2:27:49 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | If number of customers stays constant full twelve months, if presume COSS accurate how utility incurs costs, presumption be customer charge times number of customers times twelve months will come out to actual cost incurred to serve customers? |
| 2:28:39 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Anybody figured out, ever looked at those actual way costs incurred after fact, are those actual ways costs incurred after fact, anybody out there recovering fully allocated customer charge that says exactly accurate, amazing not had utility gone out and able prove it after the fact? |
| 2:33:23 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Everybody paying full cost, in reality based off of assumptions differences between demand and customer, is proof in pudding rates change less when have COS rates, even if not exact proof in pudding utilities recovering COS each year with fully allocated rates as opposed those not fully allocated? |
| 2:36:26 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Other issue COS is backwards-looking methodology, actually able earn revenue requirement into future, taking historically incurred costs trying to set rates in way actually earn revenue requirement going forward? |
| 2:36:58 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | COS support cost proposal is concern for reduction in usage going forward, fact across board customers becoming less energy intensive, underlying cost provide service not going down, is that fair? |
| 2:37:53 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Heard Grissom say one of drivers of case, selling less electricity, costs going up? |
| 2:38:17 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Based on your estimation and trends in usage, expectation increase in customer charges leads to increase in time period utility can go without seeking additional revenues? |
| 2:39:10 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Asked differently, not even just mean raising customer charge but is your experience having rates reflect COSS expectation allow utility go longer without rate increases than rate designs not hundred percent reflect COSS? |
| 2:40:32 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Sort of comment, if truly had allocated cost based rates and unable earn revenue requirement, may be incurring costs differently than way recovering or in excess of expected to recover? |
| 2:41:00 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Does anybody actually do that or just do another COSS and move on? |
| 2:41:44 PM | Chairman Chandler Note: Sacre, Candace | Redirect? |
| 2:41:47 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Redirect Examination. Difference between co-ops and investor owned? |

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| 2:44:13 PM | Atty Honaker Jackson Purchase - witness Wolfram Note: Sacre, Candace | Reasonable to go TIER lower than 2.0? |
| 2:44:20 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Examination. Know what interest rates are today, generally know level of interest rates? |
| 2:44:28 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | If rates higher that much higher than today, agree TIER should stay exactly the same? |
| 2:46:06 PM | Chairman Chandler - witness Wolfram Note: Sacre, Candace | Reason ask, experts propose TIER higher than 2.0, utility debt rates lower, is inverse also true as interest rates increase cushion going to double/triple as interest rates double/triple? |
| 2:47:24 PM | Atty Honaker Jackson Purchase Note: Sacre, Candace | Recall Jeff Williams. |
| 2:47:40 PM | Chairman Chandler Note: Sacre, Candace | Still under oath. |
| 2:47:44 PM | Chairman Chandler Note: Sacre, Candace | Additional questions? |
| 2:47:48 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Recross Examination. Question, test year numbers vegetation management, include circuit clearing, hot spots, and takedown costs? |
| 2:48:54 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Confusion about hot spots, agree hot spot trimming is trimming outside ROW cyclical plan addresses unusual vegetation growth that causes service outages? |
| 2:50:01 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Plant fast-growing trees near distribution line, could be storm outage, could be fast-growing trees, need to clear areas other than cyclical plan? |
| 2:50:29 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Could be any number of causes for hot spot? |
| 2:50:34 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Would Jackson Purchase capture different reasons for hot spots? |
| 2:51:05 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | May be clarifying post-hearing data request, make sure be information would have? |
| 2:51:17 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Proceeds from Nov 2021 RUS note, extra funds not used to pay off line of credit agreement, confirm if amount of extra funds roughly \$2.153 million? |
| 2:52:15 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Specific projects being considered funds might be used for? |
| 2:54:01 PM | Gen Counsel Vinsel PSC - witness Williams Note: Sacre, Candace | Clarify, earlier post-hearing data request TIER and OTIER, expand years backwards, for 2021 provide same information by month? |
| 2:55:40 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Examination. Know weighted average cost of debt right now? |
| 2:55:57 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Anything coming up for expiration/renewal next few years? |
| 2:56:06 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Have any notes or other debt coming up soon set to expire or need renewed in next year? |
| 2:56:56 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | Expect interest expense increase or decrease next couple years? |

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| 2:57:17 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | RUS fund construction work plan items as long as timely, included in construction work plan, and approved by RUS? |
| 2:57:34 PM | Chairman Chandler - witness Williams Note: Sacre, Candace | What don't they cover? |
| 2:58:10 PM | Chairman Chandler Note: Sacre, Candace | Redirect? |
| 2:58:18 PM | Chairman Chandler Note: Sacre, Candace | Additional witnesses? |
| 2:58:21 PM | Chairman Chandler Note: Sacre, Candace | Case for company? |
| 2:58:36 PM | Chairman Chandler Note: Sacre, Candace | Recess until 3:05. |
| 2:58:49 PM | Session Paused | |
| 3:09:01 PM | Session Resumed | |
| 3:09:12 PM | Chairman Chandler Note: Sacre, Candace | Back on record in Case No. 2021-00358. |
| 3:09:14 PM | Chairman Chandler Note: Sacre, Candace | Call witness? |
| 3:09:23 PM | Asst Atty General West Note: Sacre, Candace | Lane Kollen. |
| 3:09:25 PM | Chairman Chandler Note: Sacre, Candace | Witness is sworn. |
| 3:09:32 PM | Chairman Chandler - witness Kollen Note: Sacre, Candace | Examination. Name and address? |
| 3:10:07 PM | Asst Atty General West - witness Kollen Note: Sacre, Candace | Direct Examination. Occupation? |
| 3:10:18 PM | Asst Atty General West - witness Kollen Note: Sacre, Candace | Cause direct testimony filed? |
| 3:10:23 PM | Asst Atty General West - witness Kollen Note: Sacre, Candace | Additions or corrections? |
| 3:10:48 PM | Asst Atty General West - witness Kollen Note: Sacre, Candace | All corrections captured in errata? |
| 3:11:00 PM | Asst Atty General West - witness Kollen Note: Sacre, Candace | Sponsor responses? |
| 3:11:11 PM | Asst Atty General West - witness Kollen Note: Sacre, Candace | Asked same questions, answers be same? |
| 3:11:16 PM | Asst Atty General West - witness Kollen Note: Sacre, Candace | Intention adopt as testimony? |
| 3:11:24 PM | Chairman Chandler Note: Sacre, Candace | Questions? |
| 3:11:28 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Cross Examination. Consultant since 1986? |
| 3:12:01 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Review of list of clients served on resume shows industrial companies and groups and utilities, of utility clients represented virtually all IOUs with smattering of municipal clients? |
| 3:13:28 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Do not list distribution cooperatives or generation transmission cooperatives as current/former clients? |
| 3:13:49 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Work performed for LA PSC include base rate cases electric distribution cooperatives? |

3:14:36 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Different from contested base rate case?

3:15:25 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace When say contested cases, who are parties?

3:16:15 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Intervenors are private entities as opposed to procedure in Kentucky?

3:16:36 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace First base rate case involving distribution cooperative in Kentucky?

3:16:53 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Final recommendations is to reduce Jackson Purchase requested increase almost \$3.6 million or 49 percent?

3:17:38 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Of that three-and-a-half-million-dollar decrease, vast majority contained in two adjustments, right of way maintenance \$1.824 million and TIER reduction from 2.0 to 1.50 of \$1,076,000?

3:18:10 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Page 7 of testimony, recommend limit pro forma adjustment to 12 months ending 12/31/20, 12 months following end of test year?

3:19:46 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace In that case, on behalf of KIUC, suggest pro forma adjustment extend four years into the future?

3:20:53 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Can show Order that case says KIUC made such pro forma adjustment request, need to pull it out?

3:21:53 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Twelve-month cutoff, does apply to two big ticket items right of way maintenance and TIER?

3:22:57 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Point to anywhere in Chapter 278, 279, KARs, or Commission precedent provides hard, fast a12 month past test year cutoff for pro forma adjustments?

3:24:48 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Cutoff opinion only, not based on anything other than your opinion?

3:25:04 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Which was four years, correct?

3:25:51 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Your adherence to test year construct cutting off pro forma adjustments at 12/31/20 happens to be 2020 pandemic year?

3:26:08 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Aware precisely reason Jackson Purchase chose not use 2020 test year?

3:27:53 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Aware that 2020 such aberration RUS waived responsibility of cooperatives to meet TIER and other lending requirements?

3:28:21 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace That's very year telling Commission should use as cutoff for test year?

3:28:58 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Point to where ROW pro forma adjustment based on 2022?

3:29:38 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Aware pro forma adjustments based on known and measurable data?

3:30:11 PM Atty Goss Jackson Purchase - witness Kollen
Note: Sacre, Candace Saying that a bid received by a utility not known and measurable?

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| 3:30:51 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Assume heard testimony that three circuits for 2021 invoices paid actually matched bids, aren't those known and measurable? |
| 3:32:12 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Do not recognize that money Jackson Purchase paid to Townsend in 2021 different than paying money to contractors in 2020, difference? |
| 3:33:13 PM | Chairman Chandler Note: Sacre, Candace | Statement to both attorneys, individual testimony on what appropriate adjustment is always helpful, testimony in cross definition known and measurable or whether each is selective or not selective not particularly persuasive. (Click on link for further comments.) |
| 3:36:17 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Jackson Purchase proposes be allowed earn revenue meet 2.0 TIER, understand testimony think too much, more appropriate consider 1.5 TIER? |
| 3:36:57 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Result of recommendation reduce revenue requirement by a little over \$1 million? |
| 3:37:13 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Your position direct relationship for equivalence what co-op allowed to earn and minimum below which lender place co-op in default? |
| 3:37:58 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Say in testimony think 1.50 TIER more reasonable because Jackson Purchase and other co-ops have to meet in terms of loans is something less, 1.10 or 1.25? |
| 3:38:35 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Not answer my question, tell me whether or not equivalence between what must earn to keep from getting default letter and something higher, are those two items related or equivalent? |
| 3:40:17 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Your opinion? |
| 3:40:38 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Know why this Commission for decades allowed 2.0 TIER as opposed to 1.5 recommend in this case? |
| 3:41:01 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Know why for decades Commission approved 2.0 TIER for distribution co-ops in Kentucky as opposed to a 1.50? |
| 3:41:25 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Purpose for TIER above minimum necessary to meet loan covenants, what is cushion for? |
| 3:42:19 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Understand if Commission accept recommendation and allow 1.50 TIER result in Jackson Purchase having lowest TIER in Kentucky and one of lowest in United States? |
| 3:44:47 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | If Commission allow pro forma adjustment based on \$5600 per circuit mile, considering what pay for ROW in 2021, admit be asking Commission extend Jackson Purchase ROW cycle from five years to nine or ten years? |
| 3:45:32 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | How know that? |
| 3:46:41 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | Personal knowledge of five or six circuits cleared in 2020? |

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| 3:46:57 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | 2020, the year that you think pro forma adjustment cut off? |
| 3:47:17 PM | Atty Goss Jackson Purchase - witness Kollen Note: Sacre, Candace | So answer is no? |
| 3:47:26 PM | Vice Chairman Cabbage Note: Sacre, Candace | Anything for Staff? |
| 3:47:32 PM | Staff Atty Colyer PSC - witness Kollen Note: Sacre, Candace | Cross Examination. Williams indicated difficulty meeting TIER or OTIER, recommendations change based on his testimony? |
| 3:48:28 PM | Vice Chairman Cabbage Note: Sacre, Candace | Questions, redirect? |
| 3:48:41 PM | Vice Chairman Cabbage Note: Sacre, Candace | Other witnesses? |
| 3:48:56 PM | Vice Chairman Cabbage Note: Sacre, Candace | Exhibits. (Click on link for further comments.) |
| 3:49:17 PM | Vice Chairman Cabbage Note: Sacre, Candace | Any other motions? (Click on link for further comments.) |
| 3:49:38 PM | Vice Chairman Cabbage Note: Sacre, Candace | Post-hearing data requests. (Click on link for further comments.) |
| 3:50:54 PM | Vice Chairman Cabbage Note: Sacre, Candace | Briefs. (Click on link for further comments.) |
| 3:52:55 PM | Session Ended | |

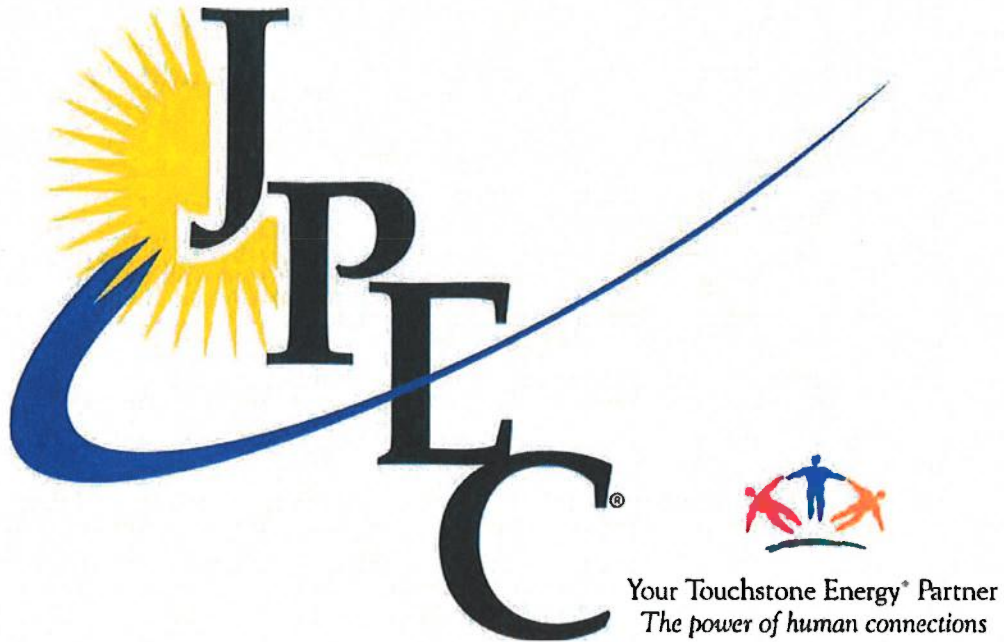


Exhibit List Report

2021-00358 24Feb2022

Jackson Purchase Energy Corporation (Jackson Purchase)

| Name: | Description: |
|-----------------------|--|
| AG Hearing Exhibit 1 | JPEC 2018-2021 Right-of-Way Clearing Contract December 2017 |
| PSC Hearing Exhibit 1 | Request 21 Attachment, Page 4 of 26, Greg Grissom |
| PSC Hearing Exhibit 2 | Case No. 2019-00326 Direct Testimony of Jeffrey R. Williams CFO/VP of Finance Accounting & Member Services on Behalf of JPEC September 13 2019 |
| PSC Hearing Exhibit 3 | Case No. 2019-00326 Direct Testimony of Greg Grissom President and CEO on Behalf of JPEC September 13 2019 |
| PSC Hearing Exhibit 4 | JPEC Summary of Rates of Return by Class Exhibit JW-3 Page 1 of 1 |



2018-2021 Right-of-Way Clearing Contract

December 2017

Jackson Purchase Energy Corporation (JPEC)
2900 Irvin Cobb Drive, P.O. Box 4030
Paducah, KY 42002-4030
(270) 442-7321

RIGHT-OF-WAY CLEARING CONTRACT
CONTRACTOR'S PROPOSAL
(Proposal shall be submitted in ink or typewritten)

ARTICLE I - GENERAL

Section 1. Offer to Clear. The undersigned (hereinafter called the "Contractor") hereby proposes to furnish all materials, equipment, machinery, tools, labor, transportation and other means required to clear rights-of-way for the rural electric system bearing the RUS Designation Kentucky 20 McCracken in strict accordance with the Specifications and Drawings therefor, attached hereto and made a part hereof, for the prices hereinafter stated.

Section 2. Description of Project. The Project will consist of approximately 1790 miles of right-of-way clearing. The Project is located in Ballard, Carlisle, Graves, Livingston, Marshall, and McCracken counties in the State of Kentucky.

Section 3. Description of Contract. The Description of Units, Specifications, Drawings and Plans attached hereto and made a part hereof, together with the Proposal and Acceptance constitute the Contract. The Plans consisting of maps and plan and profile sheets if transmission clearing is included, showing the number and types of right-of-way units that are to be cleared, along with other special drawings are identified as follows:

Attachment 1 – Supplemental Conditions and Specific Requirements

Section 4. Familiarity with Conditions. The Contractor warrants that it has made careful examination of the site of the Project and of the Specifications, Drawings, and form of Contractors' Bond attached hereto, and has become informed as to the location and nature of the proposed work, the transportation facilities, the kind and character of soil and terrain to be encountered, and the kind of facilities required for undertaking and completing the Project, and has become acquainted with the labor conditions, state and local laws and regulations which would affect the proposed work.

Section 5. License. The Contractor warrants that a Contractor's License is , is not , required, and if required, it possesses Contractor's license number _____ for the State of Kentucky in which the Project is located and said license expires on _____.

Section 6. Contractor's Bond. If the estimated cost of the clearing of a Section shall exceed \$100,000, the Contractor agrees to furnish, prior to the commencement of work on such Section, a bond in the penal sum of not less than the estimated cost of the Section in the form attached hereto with a Surety or Sureties listed by the United States Treasury Department as acceptable sureties. In the event that the Surety or Sureties on the performance bond delivered to the Owner shall at any time become unsatisfactory to the Owner, the Contractor agrees to deliver to the Owner another or an additional bond.

N/A

PER ATTACHED EMAIL
JMM

Section 7. Taxes. The unit prices for Right-of-Way Clearing Units in this Proposal include any sums which are or may be payable by the Contractor on account of taxes imposed by any taxing authority on payments for materials furnished or services performed by the Contractor under the terms of this Contract.

ARTICLE II - CONSTRUCTION

Section 1. Time and Manner of Work.

(a) The Contractor agrees to commence work on the Project on January 1, 2018 (hereinafter called the "Commencement Date") or such date which shall be determined by the Owner after its acceptance of this Proposal, but in no event will the Commencement Date be later than thirty (30) calendar days after date of acceptance of this Proposal. The Contractor further agrees to prosecute diligently and to complete

clearing in strict accordance with the Specifications and Drawings within one thousand four hundred sixty (1460) calendar days (excluding Sundays) after Commencement Date.

- (b) The time for Completion of Clearing shall be extended for the period of any reasonable delay which is due exclusively to causes beyond the control and without the fault of the Contractor, including acts of God, fires, floods, inability to obtain materials and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible: Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.*
- (c) The sequence of construction shall be as set forth below, the numbers or names being the designations of extensions or areas (hereinafter called the "Sections") corresponding to the numbers or names shown on the maps attached hereto, or if no Sections are set forth below, the sequence of construction shall be as determined by the Contractor subject to the approval of the Owner.*
- (d) The Owner may from time to time during the progress of the work on the Project make such changes in, additions to or subtractions from the Specifications, Drawings and sequence of work provided for in the previous paragraph which are part of the Contractor's Proposal as conditions may warrant: Provided, however, that if any change in the work to be done shall require an extension of time, a reasonable extension will be granted if the Contractor shall make a written request therefor to the Owner within ten (10) days after any such change is made. And provided further, that if the cost to the Contractor of completion of the Project shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a Contract Amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.*
- (e) The Contractor shall not perform any work hereunder on Sundays, holidays observed by the Owner, or between the hours of 6 PM and 7 AM without the express written approval of the Owner. The time for completion specified in subsection (a) of this Section 1 shall not be affected in any way by inclusion of this subsection or by the Owner's consent or lack of consent to work any of these restricted periods.*

Section 2. Environmental Protection. *The Contractor shall perform work in such a manner as to maximize preservation of beauty, conservation of natural resources, and minimize marring and scarring of the landscape and silting of streams. The Contractor shall not deposit trash in streams or waterways, and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures. The Contractor shall follow, under the general direction of the Engineer, the criteria relating to environmental protection as specified herein by the Engineer.*

Section 3. Supervision and Inspection.

- (a) The Contractor shall cause the work on the Project to receive constant supervision by a competent superintendent (hereinafter called the "Superintendent") who shall be present at all times during working hours where work is being carried on. The Contractor shall also employ in connection with the Project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent shall be binding upon the Contractor.*
- (b) The Owner reserves the right to require the removal from the Project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of its employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of its obligations to complete the work within the time and in the manner specified in this Proposal.*
- (c) The manner of performance of the work, and all equipment used therein, shall be subject to the inspection and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and*

records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection. The Contractor shall have an authorized agent accompany the inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.

- (d) *In the event that the Owner shall determine that the work contains or may contain numerous defects, it shall be the duty of the Contractor and the Contractor's Surety or Sureties to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent and location of such defects.*
- (e) *The Engineer may recommend to the Owner that the Contractor suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work or because of the failure of the Contractor to comply with any of the provisions of the Contract: Provided, however, that the Contractor shall not suspend work pursuant to this provision without written authority from the Owner so to do. The time of completion hereinabove set forth shall be increased by the number of days of any such suspension, except when such suspension is due to the failure of the Contractor to comply with any of the provisions of this Contract. In the event that work is suspended by the Contractor with the consent of the Owner, the Contractor before resuming work shall give the Owner at least twenty-four (24) hours notice thereof in writing.*

Section 4. Unsuitable Workmanship. *The acceptance of any workmanship by the Owner or the Engineer shall not preclude the subsequent rejection thereof if such workmanship shall be found to be unsuitable. Workmanship found unsuitable before final acceptance of the work shall be remedied, by and at the expense of the Contractor. The Contractor shall not be entitled to any payment hereunder so long as any unsuitable workmanship in respect to the Project, of which the Contractor shall have had notice, shall not have been remedied.*

ARTICLE III - PAYMENT

Section 1. Payments to Contractor.

- (a) *Within the first fifteen (15) days of each calendar month, the Owner shall make partial payment to the Contractor for work accomplished during the preceding calendar month on the basis of a statement of completed work furnished and certified to by the Contractor and approved by the Owner solely for the purposes of payment: Provided, however, that such approval by the Owner shall not be deemed approval of the workmanship or materials. Only ninety percent (90%) of each such statement approved during the clearing of the feeders associated with a given substation shall be paid by the Owner to the Contractor prior to completion of all work for that substation. Upon completion of the clearing of a substation, the Contractor shall prepare a Final Inventory of the work completed showing the total number and character of miles cleared and shall deliver to the Owner a Certificate of Contractor and Indemnity Agreement in the form attached hereto, showing the total cost of the work performed and stating (1) that all persons who have furnished labor in connection with the Project and subcontractors who have furnished services for the Project have been paid in full and (2) that the Contractor shall hold the Owner harmless against any liens arising out of the Contractor's performance hereunder which may have been or may be filed against the Owner. Upon the approval of such certificate, the Owner shall make payment to the Contractor of all amounts to which the Contractor shall be entitled thereunder which shall not have been paid.*
- (b) *The Contractor shall be paid on a lump sum basis in accordance with the prices quoted herein as amended by approved Contract Amendments, if any.*
- (c) *No payment shall be due while the Contractor is in default in respect of any of the provisions of this Contract and the Owner may withhold from the Contractor the amount of any claim by a third party against either the Contractor or the Owner based upon an alleged failure of the Contractor to perform the work hereunder in accordance with the provisions of the Contract.*
- (d) *If no Sections are designated in Article II, Section 1(c) the term "Section" shall mean for purposes of this subsection (a) and Article IV, Section 3(b) only, a part of the Project as designated by the Owner which represents at least twenty-five percent (25%) of the total Contract price as stated in the Acceptance.*

- (e) Interest at the rate of Three percent (3.0%) per annum shall be paid by the Owner to the Contractor on all unpaid balances due on monthly statements, commencing fifteen (15) days after the due date: provided the delay in payment beyond the due date is not caused by any condition within the control of the Contractor. The due date for purposes of such monthly payment shall be the fifteenth day of each calendar month provided (1) the Contractor on or before the fifth day of such month shall have submitted its certification of right-of-way clearing units completed during the preceding month and (2) the Owner on or before the fifteenth day of such month shall have approved such certification. If for reasons not due to the Contractor's fault, such approval shall not have been given on or before the fifteenth day of such month, the due date for purposes of this subsection (e) shall be the fifteenth day of such month notwithstanding the absence of the approval of the certification.
- (f) Interest at the rate of Three percent (3.0%) per annum shall be paid by the Owner to the Contractor on the final payment for the Project or any completed Section thereof, commencing fifteen (15) days after the due date. The due date for purposes of such final payment shall be the date of approval by the Owner of the Final Inventory and receipt of the Certificate of Contractor and Indemnity Agreement as conditions precedent to the making of final payment.

Section 2. Payments to Subcontractors. The Contractor shall pay each subcontractor, if any, within five (5) days after receipt of any payment from the Owner, the amount thereof allowed the Contractor for and on account of services performed by each subcontractor.

ARTICLE IV - PARTICULAR UNDERTAKINGS OF THE CONTRACTOR

Section 1. Protection to Persons and Property. The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, state, and municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America unless such instructions are incompatible with Federal, state, or municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

- (a) The Contractor shall so conduct work on the Project as to cause the least possible obstruction of public highways.
- (b) The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.
- (c) The Contractor shall do all things necessary or expedient to properly protect any and all parallel, converging, and intersecting lines, joint line poles, highways, and any and all property of others from damage, and in the event that any such parallel, converging and intersecting lines, joint line poles, highways, or other property are damaged in the course of work on the Project the Contractor shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.
- (d) Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during work on the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. The Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to work on the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by work on the Project. The right-of-way for purposes of this said section shall consist of an area extending twenty (20) feet on both sides of the center line of the poles along the route of the Project lines, plus such area reasonably required by the Contractor for access to the route of the Project lines from public roads to carry on the work.
- (e) The Project, from the commencement of work to completion, or to such earlier date or dates when the

Contractor for access to the route of the Project lines from public roads to carry on the work.

- (e) *The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided, shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the work on the Project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of an act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence.*
- (i) *To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to Contractor's employees) and loss, damage to or destruction of Owner's property or the property of any other person or entity (including but not limited to Contractor's property) in any manner arising out of or connected with the Contract, or the materials or equipment supplied or services performed by Contractor, its subcontractors and suppliers of any tier. Such indemnification specifically includes, but is not limited to, any fines, penalties, sanctions, or judgments imposed by any local government, regulatory agency, or court against Owner and Owner's directors, officers, and employees for any act or omission or conduct of Contractor, its subcontractors, employees, suppliers, representatives, and assigns, including the costs of defending any such proceeding (including reasonable attorney's fees). But nothing herein shall be construed as making Contractor liable for any injury, death, loss, damage, or destruction caused by the sole negligence of Owner.*
- (ii) *To the maximum extent permitted by law, Contractor shall defend, indemnify, and hold harmless Owner and Owner's directors, officers, and employees from all liens and claims filed or asserted against Owner, its directors, officers, and employees, or Owner's property or facilities, for services performed or materials or equipment furnished by Contractor, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. Contractor shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify Owner promptly when it has done so. If Contractor does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, Owner shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due Contractor. No payments made by the owner pursuant to this provision shall be deemed payments of a "volunteer".*
- (iii) *Contractor shall provide to Owner's satisfaction evidence of Contractor's ability to comply with the indemnification provisions of subparagraphs (i) and (ii) above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.*
- (f) *Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as rapidly as practicable as the work progresses. The Contractor shall not deposit trash in streams or waterways, and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures.*
- (g) *Upon violation by the Contractor of any provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor so to do the Owner may correct such violation at the Contractor's expense.*
- (h) *The Contractor shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as may be prescribed by the Owner.*
- (i) *The Contractor shall not proceed with the cutting of trees or clearing of right-of-way without the authorization of the owner of the property where the work is being performed. The Contractor shall obtain said permission in writing using forms approved by the Owner for such purpose. The Contractor shall promptly notify the Owner whenever any landowner objects to the trimming or felling of any trees or the performance of any other work on his land in connection with the Project and shall obtain the consent in writing of the Owner before proceeding in any such case.*

Section 2. Insurance. *The Contractor shall take out and maintain throughout the period of this Agreement the following minimum amounts of insurance:*

- (a) *Worker's compensation and employer's liability insurance, as required by law, covering all their employees who perform any of the obligations of the contractor, engineer, and architect under the Contract. If any employer or employee is not subject to workers' compensation laws of the governing state, then insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.*
- (b) *Public liability insurance covering all operations under the Contract shall have limits for bodily injury or death of not less than \$1 million each occurrence, limits for property damage of not less than \$1 million each occurrence, and \$1 million aggregate for accidents during the policy period. A single limit of \$1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.*
- (c) *Automobile liability insurance on all motor vehicles used in connection with the Contract, whether owned, nonowned, or hired, shall have limits for bodily injury or death of not less than \$1 million per person and \$1 million each occurrence, and property damage limits of \$1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.*

The Owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsections (b) and (c) of this Section. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the Contract price.

The Owner shall be named as Additional Insured on all policies of insurance required in subsections "b" and "c" of this Section.

The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to the Owner. The Contractor shall furnish the Owner a certificate evidencing compliance with the foregoing requirements which shall provide not less than thirty (30) days prior written notice to the Owner of any cancellation or material change in the insurance.

Section 3. Delivery of Possession and Control to the Owner.

- (a) *Upon written request of the Owner, the Contractor shall deliver to the Owner full possession and control of any portion of the Project provided the Contractor shall have been paid at least ninety percent (90%) of the cost of the work of such portion. Upon such delivery of possession and control to the Owner, the risks and obligations of the Contractor as set forth in Section 1(e) of this Article IV with respect to such portion so delivered to the Owner, shall be terminated: Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to unsuitable workmanship as specified in Article II, Section 4.*
- (b) *Where the construction of a Section as hereinbefore defined in Article II, Section 1 (c) and Article III, Section 1 (d) shall have been completed by the Contractor, the Owner agrees, after receipt of a written request from the Contractor, to accept delivery of possession and control of such Section upon having inspected the Section and having found the work acceptable. Upon such delivery of the possession and control of any such Section to the Owner, the risk and obligations of the Contractor as set forth in Article IV, Section 1 (e) hereof with respect to such Section so delivered to the Owner shall be terminated: Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to unsuitable workmanship as specified in Article II, Section 4 hereof.*

Section 4. Assignment of Guarantees. *All guarantees of materials and workmanship running in favor of the Contractor shall be transferred and assigned to the Owner prior to the time the Contractor receives final payment for any Section.*

ARTICLE V - REMEDIES

Section 1. Completion on Contractor's Default. *If default shall be made by the Contractor or by any subcontractor in*

the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Contractor and the Surety, if any, a written notice requiring the Contractor to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Contractor and the Surety, if any, such default shall be corrected or arrangements for the correction thereof satisfactory to the Owner shall be made, the Owner may take over the work on the Project and prosecute the same to completion by Contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the Project, any materials, tools, supplies, equipment, appliances, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the site of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the Owner all such rights, claims, and demands.

Section 2. Liquidated Damages. *The time of the Completion of Clearing is of the essence of the Contract. Should the Contractor neglect, refuse or fail to complete the clearing within the time herein agreed upon, after giving effect to extensions of time, if any, herein provided, then, in that event and in view of the difficulty of estimating with exactness damages caused by such delay, the Owner shall have the right to deduct from and retain out of such monies which may be then due, or which may become due and payable to the Contractor the sum of One Thousand Dollars (\$1,000) per day for each and every day that such work is delayed in its completion beyond the specified time, as liquidated damages and not as a penalty; if the amount due and to become due from the Owner to the Contractor is insufficient to pay in full any such liquidated damages, the Contractor shall pay to the Owner the amount necessary to effect such payment in full: Provided, however, that the Owner shall promptly notify the Contractor in writing of the manner in which the amount retained, deducted or claimed as liquidated damages was computed.*

Section 3. Cumulative Remedies. *Every right or remedy herein conferred upon or reserved to the Owner shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election: Provided, however, that the provision of Section 2 of this Article shall be the exclusive measure of damages for failure by the Contractor to complete the clearing within the time herein agreed upon.*

ARTICLE VI - MISCELLANEOUS

Section 1. Definitions.

(a) *The term "Engineer" shall mean the engineer employed by the Owner to provide engineering services for the Project and said Engineer's duly authorized assistants and representatives. The term "Engineer" will mean "Owner" if no engineer is employed by the Owner to provide engineering services.*

(b) *The term "Completion of Clearing" shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof except the Contractor's obligations in respect of furnishing (1) the "Certificate of Contractor and Indemnity Agreement" and (2) the Final Inventory both referred to in Article III, Section 1 hereof.*

(c) *The term "Completion" shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.*

Section 2. Patent Infringement. *The Contractor shall save harmless and indemnify the Owner from any and all claims, suits and proceedings for the infringement of any patent or patents covering any materials or equipment used in construction of the Project.*

Section 3. Permits for Explosives. *All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Contractor.*

Section 4. Compliance with Statutes and Regulations. *The Contractor will comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called "Kick-Back" Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. 286,287, 1001, as amended. The Contractor*

understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of governmental agencies having jurisdiction in the premises.

Section 5. Equal Opportunity Provisions.

(a) Contractor's Representations.

The Contractor represents that:

It has does not have 100 or more employees, and if it has, that it has has not furnished the Equal Employment Opportunity—Employer's Information Report EEO-1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Contractor agrees that it will obtain, prior to the award of any subcontractor for more than \$10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Contractor agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than \$10,000, the Contractor will file such report, as required by law, and notify, the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

(b) Equal Opportunity Clause. During the performance of this Contract, the Contractor agrees as follows:

- (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.*
- (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.*
- (3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.*
- (4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.*
- (5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.*
- (6) In the event of the Contractor's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations or orders, this Contract may be cancelled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation or order of the*

O= 8405971

U= DU87922

EQUAL EMPLOYMENT OPPORTUNITY
2016 EMPLOYER INFORMATION REPORT
INDIVIDUAL ESTABLISHMENT REPORT - TYPE 4

SECTION B - COMPANY IDENTIFICATION

1. TOWNSEND CORPORATION, THE
1015 WEST JACKSON STREET
P.O. BOX 7015
MUNCIE, IN 47308

SECTION C - TEST FOR FILING REQUIREMENT

2.a. TOWNSEND TREE SERVICE CO, LLC
1015 WEST JACKSON STREET
P.O. BOX 7015
MUNCIE, IN 47308
DELAWARE COUNTY

1-Y 2-Y 3-Y DUNS NO.:016545519 EIN :261571347

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 561730 Landscaping Services

SECTION D - EMPLOYMENT DATA

| JOB CATEGORIES | HISPANIC OR LATINO | | NOT-HISPANIC OR LATINO | | | | | | | | | | | OVERALL TOTALS | | |
|-------------------------------|--------------------|--------|------------------------|---------------------------|-------------------------------------|-------|-----------------------------------|-------------------|--------------------|---------------------------|-------------------------------------|-------|-----------------------------------|----------------|-------------------|-----|
| | MALE | FEMALE | ***** MALE ***** | | | | | | ***** FEMALE ***** | | | | | | | |
| | | | WHITE | BLACK OR AFRICAN AMERICAN | NATIVE HAWAIIAN OR PACIFIC ISLANDER | ASIAN | AMERICAN INDIAN OR ALASKAN NATIVE | TWO OR MORE RACES | WHITE | BLACK OR AFRICAN AMERICAN | NATIVE HAWAIIAN OR PACIFIC ISLANDER | ASIAN | AMERICAN INDIAN OR ALASKAN NATIVE | | TWO OR MORE RACES | |
| EXECUTIVE/SR OFFICIALS & MGRS | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| FIRST/MID OFFICIALS & MGRS | 1 | 0 | 92 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | |
| PROFESSIONALS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TECHNICIANS | 1 | 0 | 18 | 0 | 0 | 0 | 0 | 1 | 0 | 8 | 0 | 0 | 0 | 0 | 0 | |
| SALES WORKERS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| ADMINISTRATIVE SUPPORT | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | |
| CRAFT WORKERS | 126 | 1 | 526 | 10 | 1 | 1 | 6 | 5 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 61 |
| OPERATIVES | 40 | 0 | 273 | 2 | 0 | 1 | 3 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 31 |
| LABORERS & HELPERS | 11 | 0 | 184 | 4 | 0 | 0 | 0 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 21 |
| SERVICE WORKERS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL | 179 | 1 | 1096 | 16 | 1 | 2 | 11 | 8 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 131 |
| PREVIOUS REPORT TOTAL | 239 | 3 | 1091 | 31 | 2 | 1 | 15 | 8 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 141 |

SECTION F - REMARKS

Secretary of Labor, or as otherwise provided by law.

(7) *The Contractor will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.*

(c) *Certificate of Nonsegregated Facilities. The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Contractor agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.*

Section 6. Franchises and Rights-of-way. *The Contractor will be under no obligation to obtain or assist in obtaining any franchises, authorizations, permits, or approvals required to be obtained by the Owner from Federal, state, county, municipal or other authority; any rights-of-way over private lands; or any agreements between the Owner and third parties with respect to the construction and operation of the Project other than permission to clear from landowners.*

Section 7. Nonassignment of Contract. *The Contractor shall not assign the Contract effected by an acceptance of this Proposal or any part thereof or enter into any contract with any person, firm or corporation for the performance of the Contractor's obligations thereunder, or any part thereof, without the approval in writing of the Owner.*

Section 8. Extension to Successors and Assigns. *Each and all of the covenants and agreements contained in the Contract effected by the acceptance of the Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.*

TOWNSEND TREE SERVICE COMPANY LLC

Contractor

By: J. Michael McClure
J. MICHAEL MCCLURE ^{President} CFO

P.O. Box 7015

Address

MUNCIE IN 47308

01/15/16

Date

ATTEST:

Michelle M. Mason

Secretary


This Proposal must be signed with the full name of the Contractor. If the Contractor is a partnership, the Proposal must be signed in the partnership name by a partner. If the Contractor is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

ACCEPTANCE

The Owner hereby accepts the foregoing Proposal of the Contractor, _____
for the following:


Total Distribution Clearing: \$ 4,093,378.31

Total Time & Material Pricing: \$ See "Attachment B" (Location, Time and Equipment Rates)



Jackson Purchase Energy Corporation

President

ATTEST: 

Secretary

12-28-2017

Date of Contract

APPROVED AS TO FORM

Attorney for the Owner

Attorney for the Contractor

CONTRACTOR'S BOND

NOT REQUIRED PER
ATTACHED EMAIL

1. Know all men that we, _____ as

Principal, and _____ as Surety,

are held and firmly bound unto Jackson Purchase Energy Corporation
(hereinafter called the "Owner") and unto the United States of America (hereinafter called the "Government") and
unto all persons, firms and corporations who or which may furnish materials for or perform labor on a Rural
Utilities Service Project known as 2018-2021 Right-Of-Way Clearing and to their successors

and assigns, in the penal sum of _____ dollars (\$ _____).
as hereinafter set forth and for the payment of which sum well and truly to be made we bind ourselves, our executors,
administrators, successors and assigns jointly and severally by these presents. Said Project is described in a certain
construction contract (hereinafter called the "Construction Contract") between the Owner and the Principal,

dated _____, pursuant and subject to a certain loan contract
(hereinafter called the "Loan Contract") between the Owner and the Government, acting through the Administrator
of the Rural Utilities Service (hereinafter called the "Administrator").

2. The condition of this obligation is such that if the Principal shall well and truly perform and fulfil all the undertakings, covenants, terms, conditions and agreements of the Construction Contract and any amendments thereto, whether such amendments are for additions, decreases, or changes in materials, their quantity, kind or price, labor costs, mileage, rowing or any other purpose whatsoever, and whether such amendments are made with or without notice to the Surety, and shall fully indemnify and save harmless the Owner and the Government from all costs and damages which they, or either of them, shall suffer or incur by reason of any failure so to do, and shall fully reimburse and repay the Owner and the Government for all outlay and expense which they, or either of them shall incur in making good any such failure of performance on the part of the Principal, and shall promptly make payment to all persons working on or supplying labor or materials for use in the construction of the Project contemplated in the Construction Contract and any amendments thereto, in respect of such labor or materials furnished and used therein, to the full extent thereof, and in respect of such labor or materials furnished but not so used, to the extent of the quantities estimated in the Construction Contract and any amendments thereto to be required for the construction of the Project, and shall well and truly reimburse the Owner and the Government, as their respective interests may appear, for any excess in cost of construction of said Project over the cost of such construction as provided in the Construction Contract, and any amendments thereto, occasioned by any default of the Principal under the Construction Contract and any amendments thereto, then this obligation shall be null and void, but otherwise shall remain in full force and effect.
3. It is expressly agreed that this bond shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon any amendment to the Construction Contract, so as to bind the Principal and the Surety to the full and faithful performance of the Construction Contract as so amended, provided only that the total amount of all increases in the cost of construction shall not exceed 20 percent of the amount of the maximum price set forth in the Construction Contract. The term "Amendment," wherever used in this bond, and whether referring to this bond, the Construction Contract or the Loan Contract shall include any alteration, addition, extension, modification, amendment, rescission, waiver, release or annulment, of any character whatsoever.
4. It is expressly agreed that any amendment which may be made by agreement or otherwise between the Principal and the Owner in the terms, provisions, covenants and conditions of the Construction Contract, or in the terms, provisions, covenants and conditions of the Loan Contract (including, without limitation, the granting by the Administrator to the Owner of any extension of time for the performance of the obligations of the Owner under the Loan Contract or the granting by the Administrator or the Owner to the Principal of any extension of time for the performance of the obligations of the Principal under the Construction Contract, or the failure or refusal of the Administrator or the Owner to take any action, proceeding or step to enforce any remedy or exercise any right under either the Construction Contract or the Loan Contract, or the taking of any action, proceeding or step by the Administrator or the Owner, acting in good faith upon the belief that the same is permitted by the provisions of the Construction Contract or the Loan Contract) shall not in any way release the Principal and the Surety, or either of them or their respective executors, administrators, successors or assigns, from liability hereunder. The Surety hereby acknowledges receipt of notice of any amendment, indulgence or forbearance, made, granted or permitted.
5. This bond is made for the benefit of all persons, firms and corporations who or which may furnish any materials or perform

any labor for or on account of the construction to be performed under the Construction Contract and any amendments thereto, and they, and each of them, are hereby made obligees hereunder with the same force and effect as if their names were written herein as such, and they and each of them may sue hereon.

In witness whereof, the undersigned have caused this instrument to be executed and their respective corporate seals to be affixed and attested by their duly authorized representatives this day of _____, granting by the Administrator or the Owner to the Principal of any extension of time for the performance of the obligations of the Principal under the Construction Contract, or the failure or refusal of the

Attest:

Secretary

Principal
By _____

Attest:

Secretary

Surety
By _____

Address of Surety's Home Office

By _____
Resident Agent of Surety

Signatures: The Contractor's Bond must be signed with the full name of the Contractor. If the Contractor is a partnership the Contractor's Bond must be signed in the partnership name by a partner. If the Contractor is a corporation the Contractor's Bond must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the corporation. A typewritten copy of all such names and signatures shall be appended.

Power of Attorney: The Contractor's Bond must be accompanied by a power of attorney authorizing execution on behalf of the Surety and, in jurisdictions so requiring should be countersigned by a duly authorized resident agent of the Surety.

Beth Henry

From: Rick Kinslow
Sent: Monday, January 15, 2018 9:38 AM
To: Beth Henry
Cc: Frank McTier; Mick Saulman
Subject: Fwd: Contract

Sent from my iPhone

Begin forwarded message:

From: Scott Ribble <Scott.Ribble@jpenenergy.com>
Date: January 15, 2018 at 8:30:39 AM CST
To: "RKinslow@TownsendTree.com" <RKinslow@TownsendTree.com>
Subject: Contract

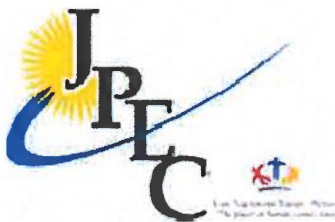
Rick,

After reviewing the need for Townsend to enter into a Contractor's Bond, Jackson Purchase Energy waves that need for the 2018-2021 ROW Clearing Contract and will not require Townsend to have the bond.

If you have any questions please give me a call.

Thank you,

Scott Ribble, P.E.
V.P. of Engineering and Operations
Jackson Purchase Energy Corporation
P.O. Box 4030
Paducah, KY 42002-4030
270.441.0856 Direct
270.442.5337 Fax



ATTACHMENT 1
SUPPLEMENTAL CONDITIONS
AND
SPECIFIC REQUIREMENTS

I. SUPPLEMENTAL CONDITIONS

General. Whenever the terms 'units', 'unit prices', 'clearing units' and such are used in this document, they shall be interpreted to include the lump sum prices being quoted to clear each feeder listed herein.

Other.

The Contractor shall prepare and forward to the Owner a written weekly report outlining work performed the previous week, problems encountered and resolved, time lost due to inclement weather, issues requiring the Owner's input and/or assistance, etc. Any event upon which the Contractor intends to rely on for an extension of time and/or change order to the Contract shall be clearly and completely described in the first report issued after said event occurs. Failure to notify the Owner of such an event within ten (10) calendar days of its occurrence will negate any possibility of it being used to support a change to the Contract.

The Contractor shall maintain its tools and equipment in good working order and with as neat an appearance as possible considering the work being performed. The Owner will provide the services of its mechanics and facilities to perform routine maintenance and servicing should the Contractor so desire. Fees for this work will be negotiated prior to the performance of any such work.

The Contractor shall act as the Owner's representative in its Trade-A-Tree program and shall actively pursue the replacement of any tree located within the clear zones stated herein. As an incentive in this regard, the Owner will pay the Contractor \$75.00 for each tree replaced under this program.

Costs associated with sharp escalations in fuel prices over the course of this contract period shall be reimbursed by the Owner to the Contractor. During the term of this contract, should the price per gallon of gasoline or diesel fuel exceed \$3.50 or \$3.75, respectively, in the Owner's service territory on average, the Owner will reimburse to the Contractor the actual costs over these amounts per gallon for fuel used in the performance of this contract. The Contractor will be required to provide documentation of any amount requested under this provision.

The qualifications and experience of all individuals that will be working within fifteen (15) feet of energized primary facilities shall be submitted to the Owner before they perform any work under this Contract.

II. SPECIFIC REQUIREMENTS

Work hereunder includes clearing of underbrush, tree removal, and such tree trimming as is required so that the right-of-way, except for tree stumps which shall not exceed three (3) inches in height, is clear from the ground up for the following distances:

- fifteen (15) feet each side of the pole centerline for single phase lines;
- twenty (20) feet for two and three phase lines.

Trimming or clearing associated with secondaries or services beyond the above stated distances is not included.

All stumps shall be chemically treated to prevent regrowth as needed. The Contractor shall furnish all chemicals and related supplies required for treatment.

Danger trees (defined as dead or leaning trees which, in falling, would affect the operation of the line) outside of the right-of-way shall be removed or topped at the discretion of the Contractor. Owner may also direct crews to remove danger trees as needed.

Debris resulting from the clearing operation shall be roller chopped and left on the right-of-way in such a manner as not to obstruct roads, ditches, drains, etc. Trees that are felled shall be cut to commercial wood lengths, stacked neatly, and left

on the right-of-way for the landowner.

Brush located in fence rows in the right-of-way may be mechanically cut or chemically treated at the Contractor's option except those items extending above the top of the fence shall be cut to the fence height. All chemicals, required permits, safety equipment, etc. shall be furnished by the Contractor.

The right-of-way of all overhead lines associated with the substations listed on Page 16 "Attachment A" shall be cleared under this Contract for the lump sum amount indicated. The sequence of clearing shall be in the order listed unless changed by the Owner by giving a minimum of thirty (30) days notice to the Contractor.

Attachment A

Substation and Circuit Mileage by Year

| 2018 | | | | 2019 | | | | 2020 | | | | | | |
|---------------------|-------------|--------------------|---------|-----------------------|---------------------|------------------------|---------|-----------------|-------------|---------------------|---------|---------|--|--------|
| Sub Name | Circuit No. | Circuit Name | Mileage | Sub Name | Circuit No. | Circuit Name | Mileage | Sub Name | Circuit No. | Circuit Name | Mileage | Su | | |
| 1 Culp | 4201 | Proform | 10.02 | 8 Burna | 1401 | Hampton | 10.15 | 17 Grand Rivers | 7601 | Iuka | 35.8 | 22 Ca | | |
| 1 Culp | 4202 | Little Cypress | 5.75 | 8 Burna | 1404 | Salem | 39.51 | 17 Grand Rivers | 7602 | Smithland | 18.96 | 22 Ca | | |
| 1 Culp | 4203 | Possum Trot | 10.98 | 8 Burna | 1405 | Smithland | 65.54 | 17 Grand Rivers | 7604 | Pelican GR #1 | 13.49 | 22 Ca | | |
| 1 Culp | 4204 | Sharpe | 36.35 | | | | | 17 Grand Rivers | 7605 | Averitt GR #2 | 16.3 | 22 Ca | | |
| | | | | 9 Coleman Road | 3002 | Conrad Hgts | 4.04 | | | | | | | |
| 2 Draffenville | 6601 | Draffenville | 10.75 | 9 Coleman Road | 3004 | Holt Rd | 1.45 | 18 Joy | 501 | Hampton South | 49.19 | 23 Ke | | |
| | | | | 9 Coleman Road | 3005 | Ky Oaks Mall | 1.32 | 18 Joy | 504 | Carrsville | 7.86 | 23 Ke | | |
| 3 Freemont | 5101 | Symsonia | 59.72 | | | | | 18 Joy | 505 | Lola | 45.55 | 23 Ke | | |
| 3 Freemont | 5102 | Mc Neil Lane | 30.2 | 10 Cumberland River | 1502 | Pinckneyville | 24.5 | | | | | | | |
| 3 Freemont | 5104 | Freemont | 12.94 | 10 Cumberland River | 1503 | Quarry | 4.41 | 19 Kansas | 6101 | Lowes | 40.06 | 24 Litt | | |
| 3 Freemont | 5105 | Bonds Rd | 12.05 | | | | | 19 Kansas | 6102 | US 45 Folsomdale | 21.44 | 24 Litt | | |
| | | | | 11 High Point | 2901 | High Point | 14.67 | 19 Kansas | 6103 | Melber | 33.03 | 24 Litt | | |
| 4 Husbands Road | 4002 | Husbands Rd | 19.98 | 11 High Point | 2902 | Carneal Rd | 11 | 19 Kansas | 6104 | Pottsville | 32.6 | 24 Litt | | |
| 4 Husbands Road | 4003 | Lydon Rd | 16.72 | | | | | | | | | | | |
| 4 Husbands Road | 4004 | Clarkline Rd | 14.4 | 12 LaCenter | 2601 | Damron's | 31.12 | 20 Krebs Rd. | 5001 | Browns Platin | 18.9 | 25 Ma | | |
| | | | | 12 LaCenter | 2602 | Oscar | 52.01 | 20 Krebs Rd. | 5002 | Old US 45 | 39.1 | 25 Ma | | |
| 5 Palma | 5401 | Hwy 95 N to Hwy 62 | 16.78 | | | | | 20 Krebs Rd. | 5003 | Clinton Rd. | 29.09 | 25 Ma | | |
| 5 Palma | 5402 | Draffenville | 9.01 | 13 Lovelaceville | 4901 | Blandville | 15.24 | | | | | | | |
| 5 Palma | 5403 | Palma | 26.17 | 13 Lovelaceville | 4902 | Lovelaceville | 36.88 | 21 Ledbetter | 3102 | US 60 East | 23.75 | 26 Ne | | |
| | | | | 13 Lovelaceville | 4903 | Cunningham | 45.36 | 21 Ledbetter | 3103 | River Crossing | 3.72 | 26 Ne | | |
| 6 Reidland | 4101 | Ken Mar Rd | 8.17 | | | | | 21 Ledbetter | 3104 | Ledbetter | 28 | 26 Ne | | |
| 6 Reidland | 4102 | Reidland Water | 1.61 | 14 Olivet Church Road | 7401 | Olivet Ch Rd | 3.06 | | | | | 26 Ne | | |
| 6 Reidland | 4103 | Epperson Rd | 4.85 | 14 Olivet Church Road | 7402 | Highland Ch Rd | 10.29 | | | | | 26 Ne | | |
| 6 Reidland | 4104 | Walker Boat Yard | 6.83 | 14 Olivet Church Road | 7403 | Info Age Park | 0.61 | | | | | | | |
| | | | | | | | | | | | | 27 Ra | | |
| 7 Smithland | 3201 | Smithland | 14.67 | 15 Possum Trot | 7802 | Hwy 95 North | 24.95 | | | | | 27 Ra | | |
| 7 Smithland | 3202 | Tiline | 78.1 | 15 Possum Trot | 7803 | Possum Trot | 7.1 | | | | | | | |
| 7 Smithland | 3204 | Mitchell Store | 37.28 | 15 Possum Trot | 7805 | Industrial Loop North | 20.82 | | | | | | | |
| | | | | 15 Possum Trot | 7806 | Coal Tek | 3.85 | | | | | | | |
| | | | | 16 Strawberry Hill | 7702 | Hansen Rd | 7.04 | | | | | | | |
| | | | | 16 Strawberry Hill | 7703 | Walmart - Hansen Rd | 3.49 | | | | | | | |
| | | | | 16 Strawberry Hill | 7705 | CSI - James Sanders | 1.57 | | | | | | | |
| | | | | 16 Strawberry Hill | 7706 | Hwy 60 - James Sanders | 1.18 | | | | | | | |
| Total Milage | | | | 443.33 | Total Milage | | | | 441.16 | Total Milage | | | | 456.84 |

Attachment B

Townsend Payment Schedule

Right of Way Clearing Expense

| Contract | 2018 | | | 2019 | | | 2020 | | | I |
|----------|-----------------|----------|-----------------|-----------------|----------|-----------------|-----------------|----------|-----------------|----|
| | Rate (Increase) | Qty. | Total | Rate (Increase) | Qty. | Total | Rate (Increase) | Qty. | Total | |
| | 1% | | | 1% | | | 1% | | | |
| Per Mile | \$ 2,259.83 | 443.3 mi | \$ 1,001,784.68 | \$ 2,282.43 | 441.2 mi | \$ 1,007,009.42 | \$ 2,305.26 | 456.8 mi | \$ 1,053,041.52 | \$ |

Location, Time and Equipment Rates

| | 2018 | | 2019 | | 2020 | | I |
|------------------------|-----------------|----------|-----------------|----------|-----------------|----------|----|
| | Rate (Increase) | Unit | Rate (Increase) | Unit | Rate (Increase) | Unit | |
| | 1% | | 1% | | 1% | | |
| Bare ground | \$ 252.50 | per sub | \$ 255.03 | per sub | \$ 257.58 | per sub | \$ |
| Foliar Spray | \$ 227.25 | per acre | \$ 229.52 | per acre | \$ 231.82 | per acre | \$ |
| Trade A Tree | \$ 75.00 | | \$ 75.75 | | \$ 76.51 | | \$ |
| | 2% | | 2% | | 2% | | |
| T&M Pricing | | | | | | | |
| Foreman | \$ 25.88 | per hr | \$ 26.39 | per hr | \$ 26.92 | per hr | \$ |
| Trimmer Helper | \$ 22.35 | per hr | \$ 22.80 | per hr | \$ 23.25 | per hr | \$ |
| | 1% | | 0% | | 0% | | |
| Equipment | | | | | | | |
| Remote Trimmer | \$ 55.13 | per hr | \$ 55.13 | per hr | \$ 55.13 | per hr | \$ |
| Bucket Truck | \$ 16.00 | per hr | \$ 16.00 | per hr | \$ 16.00 | per hr | \$ |
| Chipper | \$ 4.53 | per hr | \$ 4.53 | per hr | \$ 4.53 | per hr | \$ |
| Tractor | \$ 20.58 | per hr | \$ 20.58 | per hr | \$ 20.58 | per hr | \$ |
| Dump Truck | \$ 8.03 | per hr | \$ 8.03 | per hr | \$ 8.03 | per hr | \$ |
| Pickup | \$ 10.05 | per hr | \$ 10.05 | per hr | \$ 10.05 | per hr | \$ |
| Chainsaws | \$ 0.82 | per hr | \$ 0.82 | per hr | \$ 0.82 | per hr | \$ |

Attachment B

Townsend Payment Schedule

Right of Way Clearing Expense

| Contract | 2018 | | | 2019 | | | 2020 | | | 2021 | | |
|----------|-----------------|----------|-----------------|-----------------|----------|-----------------|-----------------|----------|-----------------|-----------------|----------|-----------------|
| | Rate (Increase) | Qty. | Total | Rate (Increase) | Qty. | Total | Rate (Increase) | Qty. | Total | Rate (Increase) | Qty. | Total |
| Per Mile | 1% | 443.3 mi | \$ 1,001,784.68 | 1% | 441.2 mi | \$ 1,007,009.42 | 1% | 456.8 mi | \$ 1,053,041.52 | 2% | 438.7 mi | \$ 1,031,542.69 |

Location, Time and Equipment Rates

| | 2018 | | 2019 | | 2020 | | 2021 | |
|----------------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|
| | Rate (Increase) | Unit | Rate (Increase) | Unit | Rate (Increase) | Unit | Rate (Increase) | Unit |
| | 1% | | 1% | | 1% | | 2% | |
| Bare ground | \$ 252.50 | per sub | \$ 255.03 | per sub | \$ 257.58 | per sub | \$ 262.73 | per sub |
| Foliar Spray | \$ 227.25 | per acre | \$ 229.52 | per acre | \$ 231.82 | per acre | \$ 236.45 | per acre |
| Trade A Tree | \$ 75.00 | | \$ 75.75 | | \$ 76.51 | | \$ 78.04 | |
| | 2% | | 2% | | 2% | | 1% | |
| Foreman | \$ 25.88 | per hr | \$ 26.39 | per hr | \$ 26.92 | per hr | \$ 27.19 | per hr |
| Trimmer Helper | \$ 22.35 | per hr | \$ 22.80 | per hr | \$ 23.25 | per hr | \$ 23.48 | per hr |
| | 1% | | 0% | | 0% | | 0% | |
| Remote Trimmer | \$ 55.13 | per hr | \$ 55.13 | per hr | \$ 55.13 | per hr | \$ 55.13 | per hr |
| Bucket Truck | \$ 16.00 | per hr | \$ 16.00 | per hr | \$ 16.00 | per hr | \$ 16.00 | per hr |
| Chipper | \$ 4.53 | per hr | \$ 4.53 | per hr | \$ 4.53 | per hr | \$ 4.53 | per hr |
| Tractor | \$ 20.58 | per hr | \$ 20.58 | per hr | \$ 20.58 | per hr | \$ 20.58 | per hr |
| Dump Truck | \$ 8.03 | per hr | \$ 8.03 | per hr | \$ 8.03 | per hr | \$ 8.03 | per hr |
| Pickup | \$ 10.05 | per hr | \$ 10.05 | per hr | \$ 10.05 | per hr | \$ 10.05 | per hr |
| Chainsaws | \$ 0.82 | per hr | \$ 0.82 | per hr | \$ 0.82 | per hr | \$ 0.82 | per hr |

Townsend Tree Service

Hourly Crews

| | | |
|-----------------|----------|----------------------|
| Foreman | \$ 41.15 | \$ 85,592.00 |
| Helper | \$ 34.75 | \$ 72,280.00 |
| Truck (55'-60') | \$ 16.74 | \$ 34,819.20 |
| Chipper | \$ 5.15 | \$ 10,712.00 |
| Chain Saw | \$ 2.70 | \$ 11,232.00 |
| | | <u>\$ 214,635.20</u> |

Wolf Tree

Hourly Crews

| | | |
|-----------------|----------|----------------------|
| Foreman | \$ 40.78 | \$ 84,822.40 |
| Helper | \$ 33.98 | \$ 70,678.40 |
| Truck (55'-60') | \$ 19.20 | \$ 39,936.00 |
| Chipper | \$ 7.25 | \$ 15,080.00 |
| Pickup | \$ 13.98 | \$ 58,156.80 |
| | | <u>\$ 268,673.60</u> |

Trees, LLC

Hourly Crews

| | | |
|-----------------|----------|----------------------|
| Foreman | \$ 40.39 | \$ 84,011.20 |
| Helper | \$ 37.58 | \$ 78,166.40 |
| Truck (55'-60') | \$ 16.77 | \$ 34,881.60 |
| Chipper | \$ 9.72 | \$ 20,217.60 |
| Pickup | \$ 13.97 | \$ 58,115.20 |
| | | <u>\$ 275,392.00</u> |

Wright Tree Service

Hourly Crews

| | | |
|-----------------|----------|----------------------|
| Foreman | \$ 55.91 | \$ 116,292.80 |
| Helper | \$ 52.32 | \$ 108,825.60 |
| Truck (55'-60') | \$ 22.30 | \$ 46,384.00 |
| Chipper | \$ 12.52 | \$ 26,041.60 |
| Pickup | \$ 12.67 | \$ 52,707.20 |
| | | <u>\$ 350,251.20</u> |

W. A. Kendall

Hourly Crews

| | | |
|-----------------|----------|----------------------|
| Foreman | \$ 44.80 | \$ 93,184.00 |
| Helper | \$ 38.85 | \$ 80,808.00 |
| Truck (55'-60') | \$ 22.00 | \$ 45,760.00 |
| Chipper | \$ 11.00 | \$ 22,880.00 |
| Pickup | \$ 12.50 | \$ 52,000.00 |
| | | <u>\$ 294,632.00</u> |

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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

DIRECT TESTIMONY OF JEFFREY R. WILLIAMS,
CHIEF FINANCIAL OFFICER AND VICE PRESIDENT OF FINANCE,
ACCOUNTING & MEMBER SERVICES, ON BEHALF OF
JACKSON PURCHASE ENERGY CORPORATION

Filed: September 13, 2019

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

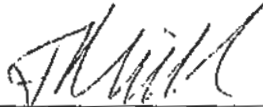
In the Matter of:

AN ELECTRONIC APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT A NEW) Case No.
HEADQUARTERS FACILITY) 2019-00 326
)

VERIFICATION OF JEFFREY R. WILLIAMS

COMMONWEALTH OF KENTUCKY)
COUNTY OF McCracken)

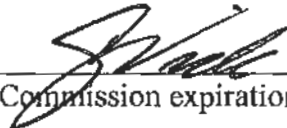
Jeffrey R. Williams, Chief Financial Officer and Vice-President, Accounting, Finance and Member Services of Jackson Purchase Energy Corporation, being duly sworn, states that he has supervised the preparation of his Direct Testimony in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Jeffrey R. Williams

The foregoing Verification was signed, acknowledged and sworn to before me this 3rd day of September, 2019, by Jeffrey R. Williams.




Commission expiration: 8/25/2022

1 reductions to margins and net margins. While the annual margins will be less than
 2 those in the base case scenario every year due to the proposed project cost, Jackson
 3 Purchase will maintain positive margins and the margins will be sufficient to meet
 4 current loan covenants with RUS for the entire 10-year forecasted period.

5 The variance page is summarized best in the following table:

| (Decreases)/Increases in Costs: | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|------------------------------------|--------|---------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Electricity | | | (41,822) | (41,822) | (41,822) | (41,822) | (41,822) | (41,822) | (41,822) |
| Property Tax | | | | 132,772 | 129,851 | 126,930 | 124,008 | 121,087 | 118,166 |
| Property Insurance | | | 45,798 | 45,798 | 45,798 | 45,798 | 45,798 | 45,798 | 45,798 |
| Interest | | | 475,836 | 467,049 | 458,039 | 448,802 | 439,330 | 429,620 | 419,664 |
| Depreciation | | | 427,436 | 427,436 | 427,436 | 427,436 | 427,436 | 427,436 | 427,436 |
| LOC Interest | 96,563 | 376,594 | | | | | | | |
| Repairs | | | (23,083) | (23,083) | (23,083) | (23,083) | (23,083) | (23,083) | (23,083) |
| Interest Income | 877 | 4,305 | 8,773 | 19,219 | 36,323 | 53,524 | 70,817 | 88,200 | 105,672 |
| Total | 97,439 | 380,899 | 892,939 | 1,027,370 | 1,032,543 | 1,037,585 | 1,042,486 | 1,047,237 | 1,051,831 |

6
 7 The (decreases)/increases shown in the above table are reflective of the
 8 incremental (savings)/costs associated with the new headquarters building as
 9 opposed to the old headquarters building. The HQ-Build option assumes the old
 10 headquarters is sold or divested as soon as the new headquarters building is
 11 operational. The projected in-service date for the new headquarters building is
 12 January 2022.

13 **Q. PLEASE DESCRIBE THE ESTIMATED IMPACT THAT THE COST OF**
 14 **THE PROPOSED HEADQUARTERS WILL HAVE ON THE RETAIL**
 15 **RATES PAID BY JACKSON PURCHASE’S MEMBERS.**

16 A. Jackson Purchase estimates that the Proposed Headquarters will have no
 17 incremental impact on the retail rates paid by Jackson Purchase’s members. While
 18 Jackson Purchase does anticipate periodic, small rate increases over the 10-year
 19 forecast period, these increases are identical in the Base Case scenario and the HQ-
 20 Build scenario. The results of the HQ-Build scenario indicate that Jackson

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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

**DIRECT TESTIMONY OF GREG GRISSOM,
PRESIDENT AND CHIEF EXECUTIVE OFFICER
ON BEHALF OF JACKSON PURCHASE ENERGY CORPORATION**

Filed: September 13, 2019

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

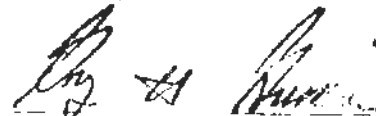
In the Matter of:

AN ELECTRONIC APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT A NEW) CASE NO.
HEADQUARTERS FACILITY) 2019-00 **326**
)

VERIFICATION OF GREG GRISSOM


COMMONWEALTH OF KENTUCKY)
COUNTY OF McCracken)

Greg Grissom, President and Chief Executive Officer of Jackson Purchase Energy Corporation, being duly sworn, states that he has supervised the preparation of his Direct Testimony in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Greg Grissom

The foregoing Verification was signed, acknowledged and sworn to before me this 3rd day of September, 2019, by Greg Grissom.




Commission expiration: 8/25/2022

1 Headquarters in meeting Jackson Purchase’s needs; it is designed with adequate
2 workspace and appropriate space for employee and community activities, parking,
3 restrooms, and common areas. In addition, it is worth noting that the Existing
4 Headquarters is not located in Jackson Purchase’s service territory and for the last
5 50 years the cooperative has instead paid Paducah Power System a monthly power
6 bill. The Proposed Headquarters will be located in Jackson Purchase’s service
7 territory thereby saving approximately 35-45% off its current power bill with
8 Paducah Power. In short, the Proposed Headquarters improves upon the Existing
9 Headquarters in nearly every way imaginable.

10 **Q. HOW DOES JACKSON PURCHASE INTEND TO PAY FOR**
11 **CONSTRUCTION OF THE PROPOSED HEADQUARTERS?**

12 A. Jackson Purchase will be required to borrow up to [REDACTED] to finance
13 construction of the Proposed Headquarters. The details of that borrowing are
14 contained in the testimony of Jeffrey R. Williams found at Exhibit 4 to the
15 Application. It is worth noting, however, that Jackson Purchase’s financial analysis
16 embodied in a 10-year Financial Forecast developed by Mr. Williams and Jackson
17 Purchase’s rate consultant, John Wolfram, demonstrates that while very small rate
18 increases are projected for Jackson Purchase’s operation during that period, these
19 increases were the same in both scenarios.

20 **Q. WILL ANY PORTION OF THE FINANCING PACKAGE ASSOCIATED**
21 **WITH CONSTRUCTION OF THE PROPOSED HEADQUARTERS**
22 **REQUIRE COMMISSION APPROVAL?**

JACKSON PURCHASE ENERGY CORPORATION
Summary of Rates of Return by Class

Revised 02-17-2024

| # | Rate | Code | Pro Forma Operating Revenue | Pro Forma Operating Expenses | Margin | Rate Base | Pro Forma Rate of Return on Rate Base | Unitized Rate of Return on Rate Base |
|---|---|------|-----------------------------------|------------------------------------|----------------|---------------|---|--|
| 1 | R - Residential | R | \$ 41,853,520 | \$ 45,246,628 | \$ (3,393,108) | \$ 71,447,429 | -4.75% | (1.54) |
| 2 | C-1 Small Commercial Single Phase | C1 | \$ 4,083,012 | \$ 4,503,908 | \$ (420,896) | \$ 8,318,923 | -5.06% | (1.64) |
| 3 | C-3 Small Commercial Three Phase | C3 | \$ 1,256,122 | \$ 1,366,328 | \$ (110,206) | \$ 2,217,201 | -4.97% | (1.61) |
| 4 | D - Commercial and Industrial Demand < 3,000 kW | D | \$ 16,598,044 | \$ 16,319,753 | \$ 278,292 | \$ 13,624,247 | 2.04% | 0.66 |
| 5 | D - Commercial and Industrial - DIRECT SERVED | D | \$ 277,326 | \$ 84,382 | \$ 192,944 | \$ 113,126 | 170.56% | 55.39 |
| 6 | I-E - Large Commercial Existing | I-E | \$ 1,488,081 | \$ 1,473,936 | \$ 14,145 | \$ 1,027,091 | 1.38% | 0.45 |
| 7 | OL - Outdoor Lighting | OL | \$ 1,366,665 | \$ 954,825 | \$ 411,840 | \$ 1,557,241 | 26.45% | 8.59 |
| 8 | Total | | \$ 66,922,769 | \$ 69,949,759 | \$ (3,026,990) | \$ 98,305,257 | -3.08% | 1.00 |

After Proposed Rate Revisions

| # | Rate | Code | Share of Revenue | Share of Energy | Pro Forma Rate of Return on Rate Base | Unitized Rate of Return on Rate Base |
|----|---|------|---------------------|--------------------|---|--|
| 9 | R - Residential | R | 62.5% | 59.4% | 4.39% | 1.01 |
| 10 | C-1 Small Commercial Single Phase | C1 | 6.1% | 5.4% | 2.06% | 0.47 |
| 11 | C-3 Small Commercial Three Phase | C3 | 1.9% | 1.9% | -0.85% | (0.19) |
| 12 | D - Commercial and Industrial Demand < 3,000 kW | D | 24.8% | 29.2% | 2.54% | 0.58 |
| 13 | D - Commercial and Industrial - DIRECT SERVED | D | 0.4% | 0.1% | 170.56% | 39.22 |
| 14 | I-E - Large Commercial Existing | I-E | 2.2% | 2.8% | 3.48% | 0.80 |
| 15 | OL - Outdoor Lighting | OL | 2.0% | 1.3% | 26.45% | 6.08 |
| 16 | | | 100.0% | 100.0% | 4.35% | 1.00 |

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