

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   | ) | 2024-00085 |
| OTHER GENERAL RELIEF              | ) |            |

ORDER

On March 20, 2025, Jackson Purchase Energy Corporation (Jackson Purchase Energy) filed a motion, pursuant to KRS 278.400, requesting reconsideration on several aspects of the final Order entered in this proceeding on February 28, 2025. Specifically, Jackson Purchase Energy requested rehearing on the right-of-way (ROW) tracker, removal of rodeo expense, an adjustment related to the loss of a large customer, and the residential customer charge.<sup>1</sup>

In conjunction with the motion for rehearing, Jackson Purchase Energy filed a motion to suspend the Commission-ordered refund process and grant an extension of time to issue refunds, file notice of refunds, and file new tariffs until after the Commission enters an Order on Jackson Purchase Energy's rehearing motion.<sup>2</sup> The Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), the only intervenor in this case, did not file a response to Jackson

---

<sup>1</sup> Jackson Purchase Energy's Motion for Rehearing (filed Mar. 20, 2025).

<sup>2</sup> Jackson Purchase Energy's Motion for Extension (filed Mar. 20, 2025).

Purchase Energy's motion for rehearing. This matter now stands submitted for a decision.

### LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original hearings, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful. A Commission Order is deemed unreasonable only when "the evidence presented leaves no room for difference of opinion among reasonable minds."<sup>3</sup> An Order can only be unlawful if it violates a state or federal statute or constitutional provision.<sup>4</sup>

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

### JACKSON PURCHASE ENERGY'S MOTION FOR REHEARING

Jackson Purchase Energy requested rehearing of four issues from the February 28, 2025 Order in this matter: (1) reconsideration of the implementation of a ROW tracker; (2) reconsideration of the removal of rodeo expenses associated with wages; (3) rejection of an adjustment related to the loss of a large industrial customer; (4) reconsideration of

---

<sup>3</sup> Energy Regulatory Comm'n v. Kentucky Power Co., 605 S.W.2d 46 (Ky. App. 1980).

<sup>4</sup> *Public Service Comm'n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm'n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

the increase of the customer charge of residential customers to \$26.00 instead of \$30.35 as proposed by Jackson Purchase Energy. Each issue is discussed separately below.

## DISCUSSION AND FINDINGS

### Right-of-Way (ROW)

In the February 28, 2025 final Order, the Commission partially accepted the Attorney General's proposal and established an accounting and reporting mechanism that required Jackson Purchase Energy to document and track its ROW expenses annually and record a regulatory liability or regulatory asset to the extent its actual ROW expense is lower than or exceeds the \$4,523,870 included in rates.<sup>5</sup>

In its request for rehearing, Jackson Purchase Energy stated that the Commission's establishment of an accounting and reporting mechanism to ensure that the Commission is able to return ROW expense amounts that are unspent to customers in subsequent rate cases is unreasonable.<sup>6</sup> Jackson Purchase Energy argued a tracker is unreasonable because there is no evidence in the record that Jackson Purchase Energy is spending revenue imprudently.<sup>7</sup> Jackson Purchase Energy further asserted that a tracker violates the Commission's precedent on regulatory assets.<sup>8</sup>

Jackson Purchase Energy claimed rising ROW costs have been an issue in every rate proceeding before the Commission.<sup>9</sup> Additionally, Jackson Purchase Energy argued a ROW tracker constitutes single issue ratemaking and would likely increase costs due

---

<sup>5</sup> Order (Ky. PSC Feb 28, 2025) at 12-13.

<sup>6</sup> Jackson Purchase Energy's Motion for Rehearing at 7.

<sup>7</sup> Jackson Purchase Energy's Motion for Rehearing at 4.

<sup>8</sup> Jackson Purchase Energy's Motion for Rehearing at 5-6.

<sup>9</sup> Jackson Purchase Energy's Motion for Rehearing at 6-7.

to the complexity of administration, accounting, and billing associated with such a mechanism.<sup>10</sup> Jackson Purchase Energy argued that the ROW tracker does not account for revenue shortfalls, uncontrollable increases in costs, forces Jackson Purchase Energy to book a regulatory asset or liability each month, and does not take into account the amount of cash available for ROW in the event of unexpected expenses such as severe weather requiring additional labor and materials to restore power outages.<sup>11</sup> Finally, Jackson Purchase Energy argued that the implementation of the ROW tracker will directly affect Jackson Purchase Energy's Operating Times Interest Earned Ratio (OTIER) and Times Interest Earned Ratio (TIER) and could limit Jackson Purchase Energy's ability to borrow funds or force default on its outstanding loan covenants.<sup>12</sup>

Based upon a review of Jackson Purchase Energy's motion, the final Order, and the case record, the Commission finds that Jackson Purchase Energy failed to meet its burden of proof that the final Order contained material errors or omission or that its finds regarding the ROW tracker were unreasonable or unlawful. Therefore, Jackson Purchase Energy's request for a rehearing on the implementation of a ROW tracker should be denied. Additionally, the Commission finds that the ROW tracker is reasonable, supported by evidence, and does not result in improper single issue ratemaking.

As the Commission explained in the final Order, Jackson Purchase Energy proposed a significant adjustment to its test year ROW expense based on the premise that it would perform ROW maintenance on a 5-year cycle. However, while the

---

<sup>10</sup> Jackson Purchase Energy's Motion for Rehearing at 5.

<sup>11</sup> Jackson Purchase Energy's Motion for Rehearing at 6-7.

<sup>12</sup> Jackson Purchase Energy's Motion for Rehearing at 7.

Commission agreed that ROW maintenance should be done on a 5-year cycle, Jackson Purchase Energy has never completed ROW maintenance on a 5-year cycle, nor did Jackson Purchase Energy put forth compelling evidence that it was positioned to meet or exceed its 5-year proposed ROW cycle.<sup>13</sup> Based on that evidence, there is a significant possibility that Jackson Purchase Energy will not complete ROW maintenance on the schedule it proposed, and therefore, will not incur all the ROW expenses it proposed to recover in rates.

Jackson Purchase identified a number of reasons why it did not complete ROW spending on a 5-year cycle, including rising costs of ROW maintenance, fluctuations in revenue that prevented it from having funds for the expense, and increases in other necessary expenses that required it to decrease its ROW maintenance spending. However, while the rising cost of ROW maintenance likely did play a role in the number of miles of ROW maintenance completed in each year, it was not the only factor. Jackson Purchase Energy acknowledged that when revenue was needed to cover other expenses, it reduced planned ROW maintenance to below levels needed to maintain a 5-year cycle and used the ROW funds to cover expenses not related to ROW maintenance.<sup>14</sup>

The Commission does not establish the amount of a particular operation and maintenance expense in rates for the purpose of providing utilities with an additional margin against fluctuations in revenue or other expenses and in Case No. 2021-00358, the Commission did not approve Jackson Purchase Energy's ROW Expense to provide an additional margin. The Commission does provide an additional margin against

---

<sup>13</sup> Order (Ky. PSC Feb. 28, 2025) at 11.

<sup>14</sup> Order (Ky. PSC Feb. 28, 2025) at 9.

fluctuations in revenue or other expenses, when establishing a TIER above lenders required for debt service coverage, and in this case, the Commission rejected the Attorney General's proposal to reduce that margin.<sup>15</sup> Further, despite seeking a significant adjustment to increase ROW Expense in the test year, Jackson Purchase Energy made an adjustment removing \$455,662 from its test year for expenses<sup>16</sup> that are not recoverable in rates, which would indicate that some of the revenue Jackson Purchase Energy could have spent on ROW maintenance was spent on expenses that were not recoverable in rates. Further, in Case No. 2021-00358, the Commission indicated that Jackson Purchase Energy needed to change its approach to ROW management, and while it did increase its spending closer to the levels in rates, it did not complete yearly ROW maintenance that would achieve a five-year schedule.<sup>17</sup> Thus, even though a five-year cycle is reasonable and appropriate, it would be unreasonable to include an expense at that level without such a tracker.

Although Jackson Purchase Energy claimed that the tracker could affect its ability to meet its required TIER and OTIER,<sup>18</sup> the Commission finds that this would only be the case if Jackson Purchase Energy is using the ROW Expense as a margin to cover other expenses or fluctuations in revenue, which should not be a factor in setting the amount of an expense in the revenue requirement. Conversely, if Jackson Purchase Energy spends on ROW maintenance as it asserted that it will, then there will be no material

---

<sup>15</sup> Order (Ky. PSC Feb. 28, 2025) at 38-39.

<sup>16</sup> Order (Ky. PSC Feb. 28, 2025) at 6.

<sup>17</sup> Order (Ky. PSC Feb. 28, 2025) at 10.

<sup>18</sup> Jackson Purchase Energy's Motion for Rehearing at 6.

regulatory assets or liabilities accrued. Further, as noted above, the Commission rejected the Attorney General's proposal to reduce Jackson Purchase Energy's TIER to 1.85, and Commission set rates on a TIER of 2.0.<sup>19</sup> As the Commission set rates based on a TIER of 2.0, the Commission provided a significant margin over that required by RUS (a TIER of 1.2) to cover the various fluctuations in Jackson Purchase Energy's revenue and expenses about which it expressed concern.

The Commission's approval of the Attorney General's proposed revenue tracker is also consistent with rules governing the establishment of regulatory assets and liabilities for the reasons discussed above and because the Commission expects for the net regulatory asset and liability to be reflected in Jackson Purchase Energy's future rates. Further, as indicated above and in the final Order, a tracker is uniquely necessary for this expense, because Jackson Purchase Energy needs sufficient funds to complete ROW maintenance on a 5-year cycle to allow it to provide adequate service, but given the evidence regarding previous years, the inclusion of that expense could not be justified without the tracker.

#### Removal of Rodeo Expense Associated with Wages

Jackson Purchase Energy requested a rehearing on the removal of certain expense related to hosting the lineman's rodeo.<sup>20</sup> Jackson Purchase Energy argued the Commission's disallowance of the rodeo expenses for employee wages is unreasonable because Jackson Purchase Energy did not include this amount in the wages and salaries

---

<sup>19</sup> Order (Ky. PSC Feb. 28, 2025) at 40.

<sup>20</sup> Jackson Purchase Energy's Motion for Rehearing at 8.

pro forma adjustment, therefore it would not constitute an over-recovery of wages.<sup>21</sup> Jackson Purchase Energy asserted that it included the wages for the lineman's rodeo because those are hourly expenses that would have been included in the test year even if Jackson Purchase Energy did not host the lineman's rodeo.<sup>22</sup> Jackson Purchase Energy indicated that it booked the wages and salary costs in a different account instead of the account the costs would normally have been booked had the labor been spent on normal, day-to-day activities.<sup>23</sup>

Upon further review of the issue based on Jackson Purchase Energy's motion, the Commission finds that the wage expense for employees' work on the lineman's rodeo was not included in the expenses used to calculate the revenue requirement twice as regular wages. Further, in the final Order, the Commission accepted the Attorney General's proposed adjustment to normalize overtime expense based on a 5-year average of overtime expense.<sup>24</sup> This adjustment would have eliminated the bulk of any additional overtime caused by the rodeo. Thus, based upon a review of Jackson Purchase Energy's motion, the final Order and the case record, the Commission finds that Jackson Purchase Energy's request for rehearing regarding the removal of the rodeo expense associated with wages should be granted.

The adjustment of the revenue requirement in final order is \$101,039. The corrected revenue requirement is \$4,094,536 as shown in the following table:

---

<sup>21</sup> Jackson Purchase Energy's Motion for Rehearing at 8-9.

<sup>22</sup> Jackson Purchase Energy's Motion for Rehearing at 8.

<sup>23</sup> Jackson Purchase Energy's Motion for Rehearing at 8-9.

<sup>24</sup> Order (Ky. PSC Feb. 28, 2025) at 20.



|   |                            |
|---|----------------------------|
| Revenue Requirement from February 28, 2025, Order | \$ 3,993,497               |
| Add: Test Year Rodeo Wages                        | <u>101,039</u>             |
| Adjusted Revenue Requirement                      | <u><u>\$ 4,094,536</u></u> |

The Commission further finds that, because the rates approved in the final Order were based on an incorrect revenue requirement, that the rates approved in the final Order should be amended and replaced with the rates contained in Appendix A to this Order. The revenue allocation and rate design applied to the revised rates follow those used in the February 28, 2025 final Order and yield a total increase of approximately 5.03 percent. The Commission finds that the rates in Appendix A are fair, just and reasonable and that they should be approved for service as discussed in the ordering paragraphs.

Adjustment Related to Loss of Income from a Large Industrial Customer

On December 10, 2024, Jackson Purchase Energy proposed to remove revenues from a large industrial customer that provided notice it would terminate service on February 1, 2025, reflected through the removal of \$238,485 of revenues based on the minimum bill for this customer.<sup>25</sup>

Jackson Purchase Energy’s motion stated that there is no additional information that could be developed and argued that it provided evidence of the customer leaving the system and also provided an updated revenue requirement due to the loss of the industrial customer.<sup>26</sup> Jackson Purchase Energy argued that that the customer leaving the system

---

<sup>25</sup> Order (Ky. PSC Feb. 28, 2025) at 34.

<sup>26</sup> Jackson Purchase Energy’s Motion for Rehearing at 9.

resulted in a loss of revenue but, because the member did not use power during the test year, there are no other expenses or revenue impacts.<sup>27</sup>

Based upon a review of Jackson Purchase Energy's motion, the final Order, and the case record, the Commission finds that Jackson Purchase Energy's request for a rehearing on the adjustment related to the loss of the industrial customer should be denied. The Commission finds that, although Jackson Purchase Energy's motion for rehearing stated that the industrial customer did not take service during the test year, this assumption is not mentioned in Jackson Purchase Energy's request for the adjustment although it was known at the time of the request. Additionally, even if a customer does not take power, there are expenses related to providing service. Therefore, the Commission finds that rehearing on this issue is denied because Jackson Purchase Energy failed to meet its burden of proof or provide new evidence not readily discoverable at the time of the original hearings that justify granting rehearing.

#### Residential Customer Charge

Jackson Purchase Energy requested rehearing on the Commission's decision to deny its request to increase the residential customer charge from \$20.35 to \$30.35.<sup>28</sup> Jackson Purchase Energy argued that the Commission did not perform its own Cost of Service Study (COSS) or use the data supplied by Jackson Purchase Energy in making the determination that the customer charge should be \$26 and provided no reasoning for

---

<sup>27</sup> Jackson Purchase Energy's Motion for Rehearing at 9.

<sup>28</sup> Jackson Purchase Energy's Motion for Rehearing at 10.

why \$26 is appropriate and did not challenge Jackson Purchase Energy's expert of the results of the COSS is unreasonable.<sup>29</sup>

Jackson Purchase Energy noted that, multiple electric cooperatives currently have rate proceedings pending before the Commission, most with customer charge requests close to that requested by Jackson Purchase Energy.<sup>30</sup> Jackson Purchase Energy argues that the Commission's rulings are inconsistent as further evidence that the Commission's decision in this matter is arbitrary and unreasonable.<sup>31</sup> Specifically, Jackson Purchase Energy noted the rates in the final Order in Case No. 2024-00324, Jackson Energy Cooperative Corporation's (Jackson Energy) streamline rate case, as an inconsistency in the Commission's rulings.<sup>32</sup> Finally, Jackson Purchase Energy argued that the proposed increase to \$30.35 was denied due to it being too "high" relative to the other cooperatives.<sup>33</sup>

The Commission finds that a \$26 residential customer charge is reasonable. Although the Commission relied upon Jackson Purchase Energy's COSS as a guide and found the methods utilized by Jackson Purchase Energy to be reasonable, the Commission found issues with the allocation of revenue. The issues with the allocation of revenue included how the allocation towards the residential and small commercial single-phase impacted rates, making those two rate structures identical.<sup>34</sup> In the final

---

<sup>29</sup> Jackson Purchase Energy's Motion for Rehearing at 11.

<sup>30</sup> Jackson Purchase Energy's Motion for Rehearing at 12.

<sup>31</sup> Jackson Purchase Energy's Motion for Rehearing at 12.

<sup>32</sup> Jackson Purchase Energy's Motion for Rehearing at 12.

<sup>33</sup> Jackson Purchase Energy's Motion for Rehearing at 12.

<sup>34</sup> Order (Ky. PSC Feb. 28, 2025) at 48.

Order, the Commission noted that even after rate revisions, the small commercial single-phase would have a negative rate of return on rate base.<sup>35</sup> Upon review, the Commission found that to be unreasonable and found that a rate differential between the two classes to be reasonable.<sup>36</sup> In turn, the residential class was allocated a revenue increase that supported the differential and was reflected through the \$26.00 customer charge for residential customers,<sup>37</sup> which was a 27 percent increase.

Jackson Purchase Energy proposed a 49.1 percent increase in the residential customer charge to equal \$30.35,<sup>38</sup> shift significant portions of the revenue requirement allocated to the energy charge for residential customers to the fixed charge for residential customers. While the overall rate increase for residential customers should be same, on average, regardless of where the costs are allocated, cost allocation requires the Commission to weigh multiple factors to reach a determination of what is reasonable.<sup>39</sup> Here, the Commission found that the proposed percentage increase of 49.1 percent on the customer charge of Jackson Purchase Energy's residential customers was unreasonable in part because of its impact upon low-income customers' ability to moderate utility expenses by reducing usage.<sup>40</sup> Such a significant increase is also inconsistent with the Commission's interpretation of the principle of gradualism, which

---

<sup>35</sup> Jackson Purchase Energy's Motion for Rehearing at 46.

<sup>36</sup> Jackson Purchase Energy's Motion for Rehearing at 47-48.

<sup>37</sup> Jackson Purchase Energy's Motion for Rehearing at 47.

<sup>38</sup> Order (Ky. PSC Feb. 28, 2025) at 44-45.

<sup>39</sup> Order (Ky. PSC Feb. 28, 2025) at 46.

<sup>40</sup> Order (Ky. PSC Feb. 28, 2025) at 45-46.

seeks to mitigate the financial impact of rate increases on customers and benefit the utility by maintaining the financial stability of its ratepayers.<sup>41</sup>

Finally, the Commission notes that although Jackson Energy was granted a residential customer charge of \$30.50,<sup>42</sup> the increase was approximately 23 percent, and thus, was not inconsistent with the principal of gradualism. The Commission does not find the decision in Jackson Energy as new evidence for the Commission to consider on this issue. Based upon a review of Jackson Purchase Energy's motion, the final Order, and the case record, the Commission finds that Jackson Purchase Energy failed to meet its burden of proof and rehearing on this issue is denied.

#### Motion for Extension of Time

Jackson Purchase Energy filed a motion to suspend the Commission-ordered refund process and grant an extension of time to issue refunds, file notice of refunds, and file new tariffs until the rehearing process is complete.<sup>43</sup> Jackson Purchase Energy also requested time in addition to the 60-days granted in the final order but did not indicate the amount of additional time requested.<sup>44</sup> Jackson Purchase Energy stated that it requested the extension of time because it does not believe it can process the refunds within 60 days due to limited staff with the ability to calculate and process the refunds.<sup>45</sup> Based upon a review of Jackson Purchase Energy's motion, the final Order, and the case record,

---

<sup>41</sup> Case No. 2024-00324 *Electronic Application for an Alternative Rate Adjustment for Jackson Energy Cooperative Pursuant to 807 KAR 5:078* (Ky. PSC Mar. 11, 2025), Order at 15.

<sup>42</sup> Case No. 2024-00324, Mar. 11, 2025 Order at 15.

<sup>43</sup> Jackson Purchase Energy's Motion for Extension of Time.

<sup>44</sup> Jackson Purchase Energy's Motion for Extension of Time at 2.

<sup>45</sup> Jackson Purchase Energy's Motion for Extension of Time at 2.

the Commission finds that the date for providing the refunds should be extended by this Order and that Jackson Purchase Energy should provide such refunds through a bill credit within 93-days from the date of this Order.

IT IS THEREFORE ORDERED that:

1. Jackson Purchase Energy's motion for rehearing is granted, in part, and denied, in part.

2. Jackson Purchase Energy's motion for rehearing regarding the ROW Expense tracker is denied.

3. Jackson Purchase Energy's motion for rehearing regarding the removal of certain expenses related to hosting the lineman's rodeo is granted as discussed above.

4. Jackson Purchase Energy's motion for rehearing of the adjustment related to the loss of income from a large industrial customer is denied.

5. Jackson Purchase Energy's motion for rehearing on the amount of the residential customer charge is denied.

6. The rates and charges set forth in Appendix A to this Order, are fair, just and reasonable, and are approved for service on or after the date of entry of this Order.

7. Within 20 days of the date of this Order, Jackson Purchase Energy shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates, charges, and modifications approved or as required herein and reflecting their effective date and that they were authorized by this Order.

8. Jackson Purchase Energy's motion to extend the 60-day refund period is granted.

9. Pursuant to KRS 278.190, Jackson Purchase Energy shall refund each customer all amounts collected from that customer in excess of the rates approved in this Order, for bills rendered on and after January 1, 2025, through the date of entry of this Order by providing a single bill credit, when feasible, to each customer.

10. Within 108 days of this Order, Jackson Purchase Energy shall submit a written report to the Commission in which it describes its efforts to refund all monies collected in excess of the rates set forth in excess of Appendix A of this Order.

11. The final Order of February 28, 2025, is amended to reflect the modifications discussed in this Order.

12. All other provisions of the final Order shall remain in full force and effect.

13. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Vice Chairman

  
\_\_\_\_\_  
Commissioner

ATTEST:

  
\_\_\_\_\_  
Executive Director

ENTERED  
APR 09 2025 AH  
KENTUCKY PUBLIC  
SERVICE COMMISSION



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00085 DATED APR 09 2025

The following rates and charges are prescribed for the customers in the area served by Jackson Purchase Energy Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Residential

|                 |                    |
|-----------------|--------------------|
| Customer Charge | \$26.00 per month  |
| Energy Charge   | \$0.118960 per kWh |

Small Commercial Single-Phase

|                 |                    |
|-----------------|--------------------|
| Customer Charge | \$31.00 per month  |
| Energy Charge   | \$0.114926 per kWh |

Small Commercial Three Phase

|                 |                    |
|-----------------|--------------------|
| Customer Charge | \$42.27 per month  |
| Energy Charge   | \$0.112266 per kWh |

Commercial and Industrial Demand <3,000 kW

|                                   |                     |
|-----------------------------------|---------------------|
| Customer Charge                   | \$58.42 per month   |
| Demand Charge                     | \$9.18 per kWh      |
| Energy Charge 1 <sup>st</sup> 200 | \$ 0.063377 per kWh |
| Energy Charge 2 <sup>nd</sup> 200 | \$0.053088 per kWh  |
| Energy Charge 3 <sup>rd</sup> 200 | \$0.047860 per kWh  |
| Energy Charge over 600            | \$0.042786 per kWh  |

Large Commercial Existing

|                                     |                    |
|-------------------------------------|--------------------|
| Customer Charge                     | \$424.97 per month |
| Energy Charge                       | \$0.040071 per kWh |
| Demand Charge 1 <sup>st</sup> 3,000 | \$48,914.06        |
| Demand Charge over 3,000            | \$16.31 per kWh    |

Lighting

|                                  |                   |
|----------------------------------|-------------------|
| 100W HPS                         | \$11.32 per light |
| 250W HPS                         | \$15.72 per light |
| 250W HPS Flood                   | \$16.50 per light |
| 1,000W Metal – Flood             | \$41.34 per light |
| LED 6,000-9,000 Lumens           | \$11.54 per light |
| LED 9,300 – 15,000 Lumens        | \$14.10 per light |
| LED Flood 14,000 – 23,000 Lumens | \$19.90 per light |
| 175W Metal                       | \$19.15 per light |
| 150W Metal                       | \$18.56 per light |
| 400W Metal                       | \$27.91 per light |
| 175 MV                           | \$11.78 per light |
| 400 MV                           | \$18.23 per light |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00085 DATED APR 09 2025

| Item                        | Revenue             | Expense             | Non-Operating<br>Income | Net Margin       |
|-----------------------------|---------------------|---------------------|-------------------------|------------------|
| FAC                         | (9,297,927)         | (8,969,611)         | -                       | (328,315)        |
| ES                          | (3,734,413)         | (3,623,000)         | -                       | (111,412)        |
| MRSM                        | 3,156,156           | 3,141,245           | -                       | 14,911           |
| Non-FAC PPA                 | (3,640,327)         | (4,012,568)         | -                       | 372,241          |
| Donations, Promo Ads & Dues | -                   | (455,666)           | -                       | 455,666          |
| 401k Contributions          | -                   | (24,254)            | -                       | 24,254           |
| Life Insurance              | -                   | (14,628)            | -                       | 14,628           |
| Rate Case Costs             | -                   | (34,592)            | -                       | 34,592           |
| Interest Expense            | -                   | 84,145              | -                       | (84,145)         |
| Year End Customers          | (385,929)           | (300,880)           | -                       | (85,049)         |
| Wages & Salaries            | -                   | 294,654             | -                       | (294,654)        |
| Depreciation Normalization  | -                   | (16,250)            | -                       | 16,250           |
| Directors Expenses          | -                   | (29,987)            | -                       | 29,987           |
| Right of Way                | -                   | 608,989             | -                       | (608,989)        |
| Health Care Costs           | -                   | (59,406)            | -                       | 59,406           |
| CEO Incentive Comp          | -                   | (34,414)            | -                       | 34,414           |
| Improperly Booked Expense   | -                   | (57,964)            | -                       | 57,964           |
| <b>Total</b>                | <b>(13,902,440)</b> | <b>(13,504,187)</b> | <b>-</b>                | <b>(398,252)</b> |

| Description                          | Actual Rates<br>Actual Test Yr | Pro Forma<br>Adjustment | Present Rates<br>Adj Test Yr | Proposed Rates<br>Adj Test Yr |
|--------------------------------------|--------------------------------|-------------------------|------------------------------|-------------------------------|
| <u>Operating Revenues</u>            |                                |                         |                              |                               |
| Total Sales of Electric Energy       | 94,026,216                     | (13,902,440)            | 80,123,776                   | 84,218,312                    |
| Other Electric Revenue               | 1,355,252                      | -                       | 1,355,252                    | 1,355,252                     |
| Total Operating Revenue              | 95,381,468                     | (13,902,440)            | 81,479,028                   | 85,573,564                    |
| <u>Operating Expenses:</u>           |                                |                         |                              |                               |
| Purchased Power                      | 70,722,286                     | (13,764,815)            | 56,957,471                   | 56,957,471                    |
| Distribution Operations              | 4,126,999                      | -                       | 4,126,999                    | 4,126,999                     |
| Distribution Maintenance             | 7,186,249                      | 608,989                 | 7,795,239                    | 7,795,239                     |
| Customer Accounts                    | 1,134,564                      | -                       | 1,134,564                    | 1,134,564                     |
| Customer Service                     | 608                            | -                       | 608                          | 608                           |
| Sales Expense                        | 4,366                          | -                       | 4,366                        | 4,366                         |
| A&G                                  | 3,957,854                      | (416,256)               | 3,541,598                    | 3,541,598                     |
| Total O&M Expense                    | 87,132,925                     | (13,572,082)            | 73,560,844                   | 73,560,844                    |
| Depreciation                         | 7,326,400                      | (16,250)                | 7,310,149                    | 7,310,149                     |
| Taxes - Other                        | 67,856                         | -                       | 67,856                       | 67,856                        |
| Interest on LTD                      | 2,368,870                      | 87,720                  | 2,456,589                    | 2,456,589                     |
| Interest - Other                     | 153,310                        | (3,575)                 | 149,735                      | 149,735                       |
| Other Deductions                     | 1,413                          | -                       | 1,413                        | 1,413                         |
| Total Cost of Electric Service       | 97,050,775                     | (13,504,187)            | 83,546,587                   | 83,546,587                    |
| Utility Operating Margins            | (1,669,307)                    | (398,252)               | (2,067,559)                  | 2,026,977                     |
| Non-Operating Margins - Interest     | 308,201                        | -                       | 308,201                      | 308,201                       |
| Income(Loss) from Equity Investments | -                              | -                       | -                            | -                             |
| Non-Operating Margins - Other        | 1,499                          | -                       | 1,499                        | 1,499                         |
| G&T Capital Credits                  | -                              | -                       | -                            | -                             |
| Other Capital Credits                | 119,913                        | -                       | 119,913                      | 119,913                       |
| Net Margins                          | (1,239,694)                    | (398,252)               | (1,637,947)                  | 2,456,589                     |
| Cash Receipts from Lenders           | 72,254                         |                         | 72,254                       | 72,254                        |
| OTIER                                | 0.33                           |                         | 0.19                         | 1.85                          |
| TIER                                 | 0.48                           |                         | 0.33                         | 2.00                          |
| TIER excluding GTCC                  | 0.48                           |                         | 0.33                         | 2.00                          |
| Target TIER                          | 2.00                           |                         | 2.00                         | 2.00                          |
| Margins at Target TIER               | 2,368,870                      |                         | 2,456,589                    | 2,456,589                     |
| Revenue Requirement                  | 99,419,644                     |                         | 86,003,177                   | 86,003,177                    |
| Revenue Deficiency                   | 3,608,564                      |                         | 4,094,536                    | -                             |
|                                      |                                | Target (\$) >           | 4,094,536                    |                               |
|                                      |                                | Increase (\$) >         |                              | 4,094,536                     |
|                                      |                                | Increase (%) >          |                              | 5.03%                         |

\*L. Allyson Honaker  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 1203  
Lexington, KY 40509

\*Meredith Kendall  
Jackson Purchase Energy Corporation  
6525 US Highway 60 W  
Paducah, KY 42001

\*Angela M Goad  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\*Michael West  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\*Greg Grissom  
Jackson Purchase Energy Corporation  
6525 US Highway 60 W  
Paducah, KY 42001

\*Heather Temple  
Honaker Law Office, PLLC  
1795 Alysheba Way  
Suite 1203  
Lexington, KY 40509

\*John Horne  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\*Larry Cook  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\*Jackson Purchase Energy Corporation  
6525 US Highway 60 W  
Paducah, KY 42001