

03-00438

JACKSON ENERGY AUTHORITY

Telecommunications Division

Telephone Business Unit

Report to Tennessee Public Utility Commission

as of

June 30, 2020

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Index

Page

1. Affiliated Entities
2. Transactions with Affiliated Entities Excluding Allocated Costs
3. Affiliate Transactions by Account Charged
4. Costs By Division
5. Updates of Allocation Factors Used
6. Financial Statement Data
7. Property Taxes
8. Sales and Use Taxes
9. Franchise and Excise Tax
10. Privilege Tax
11. Federal Income Tax

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Affiliated Entities

Jackson Energy Authority
Electric Division
250 North Highland Avenue
Jackson, Tennessee 38301

Jackson Energy Authority
Gas Division
250 North Highland Avenue
Jackson, Tennessee 38301

Jackson Energy Authority
Water Division
250 North Highland Avenue
Jackson, Tennessee 38301

Jackson Energy Authority
Wastewater Division
250 North Highland Avenue
Jackson, Tennessee 38301

Jackson Energy Authority
Telecommunications Division
Cable/Internet Business Unit
250 North Highland Avenue
Jackson, Tennessee 38301

The Tennergy Corporation
250 N. Highland Avenue
Jackson, Tennessee 38301

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Transactions with Affiliated Entities Excluding Allocated Costs

Contractual Transactions

None

Non-Contractual Transactions, excluding Allocated Costs

Access Fee Payments to Cable/Internet Business Unit

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Affiliate Transactions by Account Charged

Contractual Transactions

<u>Transaction</u>	<u>Affiliate</u>	<u>Amount</u>	<u>Account Charged</u>	<u>Basis</u>
None				

Non-Contractual Transactions, excluding Allocated Costs

<u>Transaction</u>	<u>Affiliate</u>	<u>Amount</u>	<u>Account Charged</u>	<u>Basis</u>
Minimum Access Fee	Telecommunications Division Cable/Internet Business Unit	\$ 51,252.70	Minimum Access Fees to Cable	Fully Distributed Cost
Access Fees for Income in Excess of Required Working Capital	Telecommunications Division Cable/Internet Business Unit	\$ 2,656,927.62	Access Fees to Cable - Excess	Income of the Telephone Business Unit in Excess of Required Working Capital

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

**Costs By Division
(Unaudited)**

<u>Cost Description</u>	<u>Electric Division</u>	<u>Gas Division</u>	<u>Water Division</u>	<u>Wastewater Division</u>	<u>Telecommunications Division Cable/Internet Business Unit</u>	<u>Telecommunications Division Telephone Business Unit</u>
Capital Costs	\$ 5,097,863.47	\$ 4,354,385.01	\$ 7,551,957.86	\$ 1,306,516.12	\$ 1,670,295.46	\$ -
Purchased Power, Gas and Services	108,836,145.87	19,949,940.34	-	-	11,822,396.11	442,426.04
Operating and Maintenance Expenses						
Operating Expenses						
Transmission and Distribution	2,232,821.56	1,995,254.45	1,296,971.03	686,226.37	-	-
Production	-	2,363.31	-	-	-	-
Source of Supply	-	-	562,468.09	-	-	-
Pumping	-	-	455,854.06	144,374.01	-	-
Treatment	-	-	896,778.22	2,338,720.20	-	-
Plant Specific	-	-	-	-	732,557.83	19,468.72
Plant Non-Specific	-	-	-	-	539,570.34	73,358.58
Customer Accounting and Collecting	1,285,320.78	944,201.38	882,270.62	847,767.14	-	-
Customer Service and Informational	290,649.55	-	-	-	3,307,874.05	405,607.73
Sales	36,242.13	167,486.44	-	-	-	-
Administrative and General	6,065,243.16	5,422,869.03	3,934,586.97	3,960,540.93	3,930,554.93	629,823.38
Maintenance Expenses						
Transmission and Distribution	2,611,652.10	906,886.01	965,597.44	982,194.36	-	-
Production	-	8,542.01	-	-	-	-
Source of Supply	-	-	66,872.27	-	-	-
Pumping	-	-	79,079.59	250,039.84	-	-
Treatment	-	-	407,970.27	615,730.27	-	-
Administrative and General	640,937.56	416,049.19	340,556.43	268,008.00	-	-
Depreciation and Amortization	9,084,197.07	4,446,327.42	3,304,358.52	4,268,197.83	6,548,356.30	16,940.88
Taxes	4,802,724.08	1,750,509.15	459,238.20	455,906.85	1,130,642.75	90,533.48
Non-Operating Expenses	1,144,442.59	646,814.89	469,519.10	1,000,613.37	1,518,330.93	169.66
Total Costs	<u>\$ 142,128,239.92</u>	<u>\$ 41,011,628.63</u>	<u>\$ 21,674,078.67</u>	<u>\$ 17,124,835.29</u>	<u>\$ 31,200,578.70</u>	<u>\$ 1,678,328.47</u>

Note: The Jackson Energy Authority Cost Allocation Manual calls for JEA to report "total costs allocated or charged back to each division." This schedule includes both direct and allocated costs. JEA splits costs by transaction at the time the transaction occurs. In addition, both direct and allocated costs are posted to the same accounts in the general ledger. JEA does not record transactions in a "clearing" type account for allocation at a later date. Hence, it is not practical to separate direct costs and allocated costs.

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Updates of Allocation Factors Used

For the fiscal year ended June 30, 2020, the allocation factors used were included in the Cost Allocation Manual filed with the TRA as of December 31, 2019. There were no changes during the fiscal year ended June 30, 2020.

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Financial Statement Data

Please refer to page 4 for financial statement data as recorded for each Jackson Energy Authority division and business unit.

Jackson Energy Authority's audited financials statements will be forwarded to the Tennessee Regulatory Authority when available.

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Property Taxes

Part I

<u>Taxing District</u>	June 30, 2019 <u>Net Book Value</u>	<u>Assessment Ratio</u>	2019 <u>Tax Rate</u>	2019 <u>Equalization Ratio</u>	<u>Tax</u>
Jackson	\$ -	0.55	\$ 1.96	0.9949	\$ -
Madison County	-	0.55	\$ 2.35	0.9949	-
Total Part I	\$ -				<u>\$ -</u>
Total Property Tax Paid (See Note)					<u>\$ -</u> (1)

(1) The Telecommunications Division has elected to calculate and pay property taxes in the same manner as a private-sector entity in the same type of business. The Telephone business unit of JEA has no plant and equipment. All Telecommunication property taxes are paid by the Cable business unit and are included in the access fee calculations charged to the Telephone business unit. For the fiscal year ended June 30, 2020, the Cable business unit paid \$417,983.83.

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Sales and Use Taxes

Capital expenses	\$ -
Operating expenses	134,829.23
Total	<u>134,829.23</u>

@ 7.00% State \$ 9,438.05

Capital expenses	-
Operating expenses	134,829.23
Total	134,829.23
Less: Single article	-
	<u>134,829.23</u>

@ 2.75% State 3,707.80

Total sales and use tax \$ 13,145.85

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Franchise and Excise Tax

Franchise Tax

Net Worth				<u><u>\$ (495,349.22)</u></u>
Real & Tangible Personal Property				-
Inventories				-
Rents		<u>Multiple</u>		
Real property	\$ -	8	-	
Equipment	-	3	-	
Furniture, office equipment	1,424.88	2	2,849.76	
Mobile equipment	-	1	-	
	<u><u>\$ 1,424.88</u></u>			<u><u>\$ 2,849.76</u></u>
Franchise tax	\$.25 per \$100 of the greater of Net Worth or Real & Personal Property - Minimum \$100			<u><u>\$ 100.00</u></u>

Excise Tax

Income Subject to Excise Tax		\$ 74,826.54
Excise Tax	6.5%	<u><u>4,863.73</u></u>
Total Franchise and Excise Tax		<u><u>\$ 4,963.73</u></u>

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Privilege Tax

Total Operating Revenue, net of access fees	\$ 1,697,102.02
Access Fees Paid to the Cable Business Unit	2,708,180.32
Less: Exempt	-
Gross Receipts	<u>4,405,282.34</u>
	<u>Retail</u>
	4,405,282.34
@ Privilege tax - retail - (3/16's of 1%) - City and County	16,519.81
Net Privilege tax	<u>16,519.81</u>

JACKSON ENERGY AUTHORITY
Telecommunications Division
Telephone Business Unit

Report to Tennessee Public Utility Commission

Federal Income Tax

Total Operating Revenue, net of access fees	\$ 1,697,102.02
Cost of goods sold	(442,426.04)
Interest income	9,225.24
Other income	46,658.09
Total income	<u>1,310,559.31</u>
Salaries & wages	431,109.20
Rents	1,424.88
Taxes & licenses	90,533.48
Interest expense	
Amortization	16,940.88
Advertising	19,492.72
Pension plan	218,198.00
Employee benefit programs	117,611.53
Other deductions	340,422.08
Total deductions	<u>1,235,732.77</u>
Taxable income	<u>\$ 74,826.54</u>
Tax	<u>\$ 15,713.57</u>