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August 31, 2007

ELECTRONICALLY FILED

Honorable Eddie Roberson, Chairman
c/o Sharla Dillon, Docket & Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

filed electronically in docket office on 08/31/07

**RE: In Re: Application of Jackson Energy Authority To Expand Its
Certificate of Public Convenience and Necessity to Provide Intrastate
Telecommunications Services**

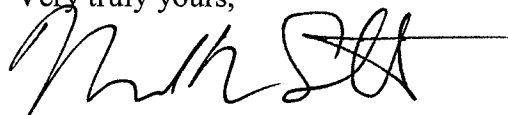
Docket No. 07-00201

Dear Chairman Roberson:

Please find enclosed an original and four (4) copies of the Application of Jackson Energy Authority To Expand Its Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services. Also enclosed is a \$25.00 check for the required filing fee.

An additional copy of this filing is enclosed to be "File Stamped" for our records. If you have any questions or require additional information, please let me know.

Very truly yours,



Mark W. Smith

MWS:cbm
Enclosures

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

APPLICATION OF JACKSON)	DOCKET NO.
ENERGY AUTHORITY TO EXPAND)	
ITS CERTIFICATE OF)	
CONVENIENCE AND NECESSITY TO)	
PROVIDE INTRASTATE)	
TELECOMMUNICATIONS SERVICES)	

**APPLICATION OF JACKSON ENERGY AUTHORITY
FOR EXPANDED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES**

Jackson Energy Authority (“JEA” or “Applicant”), by and through its undersigned counsel, and pursuant to Tenn. Code Ann. §§ 65-4-201 through 65-4-204 and Chapter 1220-4-8 of the Rules and Regulations of the Tennessee Regulatory Authority (“TRA” or “Authority”), as applicable, hereby submits this *Application of Jackson Energy Authority for Expanded Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services* (the “*Application*”) and applies to modify its Certificate of Public Convenience and Necessity for authority to provide intrastate telecommunications services to include retail intrastate telecommunications services throughout the state of Tennessee¹ as business conditions warrant.

In its Order dated March 5, 2004, in Docket 03-00438, the Authority found that JEA satisfied the managerial, technical and financial requirements set forth in Tenn. Code Ann. § 65-4-201(c) to provide telecommunications services as a carriers’ carrier to competitive local

¹ JEA does not by this Application seek authority to provide telecommunications services in the areas described in Tenn. Code Ann. § 7-52-403(b).

exchange carriers (“CLECs”) within Madison County, Tennessee.² The Authority also found that JEA had filed an acceptable Small and Minority-Owned Telecommunications Business Participation Plan pursuant to Tenn. Code Ann. § 65-5-212. JEA now seeks expanded authority to provide retail telecommunications services throughout the State of Tennessee, as business conditions warrant.³ JEA will continue to provide facilities based services to other carriers on a wholesale basis. As demonstrated below, the granting of this *Application* will provide significant benefits to Tennessee consumers and thereby serve the public interest. JEA requests expedited approval of this *Application*.

In support of its *Application*, JEA submits the following.

I. DESCRIPTION OF THE APPLICANT

1. Legal Name of Applicant: Applicant’s legal name is Jackson Energy Authority, a private act utility authority created under Chapter 55 of the Private Acts of 2001. JEA maintains its principal place of business at:

Jackson Energy Authority
119 East College Street
Jackson, Tennessee 38301

² See Order Approving Application For Certificate of Public Convenience and Necessity, *In Re: Application of Jackson Energy Authority for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Service*, TRA Docket No. 03-00438 (March 5, 2004) (“*Order Approving JEA Application*”).

³ As indicated in the pre-filed testimony of Dana R. Wheeler, on August 23, 2007, the Board of Directors of JEA authorized management to enter into a wholesale services agreement between the JEA and Cinergy Communications. Under the terms of the agreement with Cinergy, JEA will utilize Cinergy Communications’ network (including its soft switch) and expertise in support of JEA’s provision of telephone service to retail customers over JEA’s state of the art broadband network. JEA will also acquire Cinergy Communications’ existing customer base in Madison County. The transfer of Cinergy Communications’ existing customer base in Madison County will become effective upon receipt of regulatory approval in this Docket and compliance with state and federal regulatory requirements concerning the transfer of Cinergy Communications’ customer base in Madison County.

2. Contact Persons: Correspondence or communications pertaining to this

Application should be directed to:

Teresa Cobb
Jackson Energy Authority
119 East College Street
Jackson, Tennessee 38301
Telephone: (731) 422-7280
Facsimile: (731) 422-7221
tcobb@jaxenergy.com

and to:

Melvin J. Malone
Mark W. Smith
MILLER & MARTIN PLLC
150 Fourth Avenue North
1200 One Nashville Place
Nashville, Tennessee 37219-2433
Telephone: (615) 244-9270
Facsimile: (615) 256-8197
mmalone@millermartin.com
msmith@millermartin.com

3. Corporate Liaison: Questions concerning the ongoing operations of JEA

should be directed to:

Kim Kersey
Jackson Energy Authority
119 East College Street
Jackson, Tennessee 38301
Telephone: (731) 422-7257
Facsimile: (731) 422-7221
kkersey@jaxenergy.com

II. QUALIFICATIONS

1. Managerial and Technical: The Authority granted JEA a Certificate of Public Convenience and Necessity in 2004 based, in part, upon finding that JEA possessed the requisite

managerial and technical qualifications to provide telecommunications services in Tennessee.⁴ Since that time, JEA has supplemented its staff of experienced telecommunications personnel and gained valuable experience as a facilities-based broadband provider. Since 2004, JEA has provided retail cable television services and has provided wholesale broadband services to telephone and Internet providers who, in turn, have provided retail telephone and Internet services to end use customers in Madison County, Tennessee. Consistent with the *Order Approving JEA Application*,⁵ in connection with its wholesale arrangements, JEA has provided (1) billing and customer records management for telephony and data services, (2) payment collection at various payment locations of JEA; (3) customer sales at various locations of JEA; (4) inclusion of services offered by CLEC customers under the JEA brand umbrella; and (5) customer service and help desk support for end use customers of certain CLEC customers.

This experience provides JEA with the foundation necessary to provide the proposed telecommunications services and to serve retail telecommunications consumers throughout the State of Tennessee, as business conditions warrant. JEA remains managerially qualified to provide telecommunications services statewide. Attached hereto as **Exhibit A** is a list of the names of the Applicant's principal company officers and a description of each officer's background and experience. As shown in **Exhibit A**, these officers of the company have substantial managerial experience in the areas of utility engineering, utility operations, utility customer service and utility marketing.

2. **Financial Qualifications:** The Authority granted JEA a Certificate of Public Convenience and Necessity in 2004 based, in part, upon finding that JEA possessed the requisite

⁴ See *Order Approving JEA Application* at 8 ("With respect to JEA's managerial and technical ability, compelling evidence has been presented to demonstrate that JEA possesses a sufficiently experienced management staff The Authority concludes that JEA possesses the requisite experience to provide the applied for services based upon the foregoing demonstration of managerial fitness and technical ability.").

⁵ *Order Approving JEA Application* at 9.

financial qualifications to provide telecommunications services in Madison County, Tennessee.⁶

JEA is financially qualified to provide telecommunications services throughout the State of Tennessee, as business conditions warrant. JEA submits as **Exhibit B** its June 30, 2007 unaudited preliminary monthly financial reports for JEA's Telephone Business Unit. These reports include financial information for the 12 months ending June 30, 2007 and June 30, 2006, and these reports demonstrate that JEA is financially qualified to provide local exchange services.

III. PROPOSED SERVICES

1. JEA intends to offer a full range of telecommunications services, including, but not limited to, dedicated and switched access services, private line services, local dial tone, 911 services and enhanced services in its authorized service area. JEA will operate as a facilities-based local exchange provider, utilizing capacity on its fiber optics network and, as necessary, supplementing its services by leasing the facilities of third party carriers and/or by reselling the services of the incumbent LEC.⁷

2. JEA is currently authorized to provide services as a carriers' carrier to CLECs within Madison County, Tennessee, and JEA desires to expand those services to include the provision of retail services to end use customers throughout the State of Tennessee, as business conditions warrant. JEA's provision of retail services will provide those consumers with increased carrier choices, competitive pricing, increased reliability, responsiveness, and innovation. JEA will principally provide retail telecommunications service via its own fiber optic network. JEA may also lease facilities or resell the services of other carriers as other

⁶ See *Order Approving JEA Application* at 7.

⁷ JEA is not, at this time, seeking expanded authority to provide services within the service area of an existing telephone cooperative with fewer than 100,000 total access lines organized and operating under the provisions of title 65, chapter 29.

carriers warrant. JEA will continue to provide services as a carriers' carrier to other CLECs within Madison County.

3. To the extent required by state law, JEA will not provide telecommunications services in any area of the State of Tennessee covered by this *Application* without first seeking and obtaining the consent of the affected municipality, or local government, in said area(s).

4. To the extent that any rural incumbent LEC possesses an exemption or suspension under Section 251(f) of the Federal Communications Act, JEA does not seek interconnection under Section 251(c) at this time, nor does JEA seek at this time to challenge any such exemption from any of the other obligations specified in Section 251(c).

IV. REGULATORY MATTERS

1. Applicant is familiar with and will adhere to all applicable Authority policies, rules, and orders governing the provision of local exchange telecommunications services in the State of Tennessee.

2. Subsequent to the approval of its *Application*, JEA will file any necessary tariff revisions prior to providing service in those areas of Tennessee covered by this *Application*.

3. A certificate of service stating that notice of this *Application* has been served on all eighteen (18) incumbent local exchange telephone companies in Tennessee is attached hereto. JEA has also provided notice of this *Application* to the parties in Docket No. 03-00438.

4. JEA is aware of its obligation to comply with the requirements of county-wide calling, as set forth in Tenn. Code Ann. § 65-21-114.

5. JEA will continue to comply with the additional conditions under Section V of the *Order Approving JEA Application*.⁸

6. Pre-filed testimony is attached as **Exhibit C**.

⁸ *Order Approving JEA Application* at 10-11.

V. PUBLIC INTEREST STATEMENT

1. The Authority approved JEA's *Application for a Certificate of Public Convenience and Necessity* on March 5, 2004, based, in part, upon finding that granting the same was in the public interest.⁹ Since that time, JEA has developed and matured as a seasoned facilities based broadband provider.

2. The grant of this *Application* will further the public interest by expanding the availability of telecommunications services in Tennessee. Consumers will benefit directly through the use of the competitive local services to be offered by JEA. Further, the public will benefit indirectly because the competitive presence of JEA will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce prices, improve the quality and coverage of their services, and increase investment in broadband infrastructure.

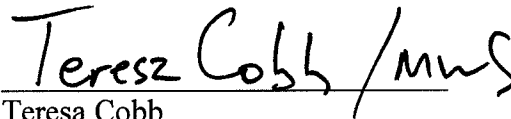
3. The granting of this *Application* would be consistent with the public policy of the State of Tennessee, as set forth at Tenn. Code Ann. § 65-4-123, "to foster the development of an efficient, technologically advanced statewide system of telecommunications services by permitting competition in all telecommunications services market[.]"

⁹ *Order Approving JEA Application* at 9.

VI. CONCLUSION

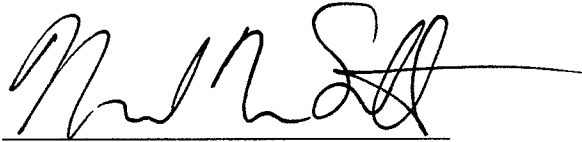
For the foregoing reasons, JEA respectfully requests the Authority to modify its Certificate of Public Convenience and Necessity on an expedited basis and authorize it to provide retail telecommunications services throughout the State of Tennessee as business conditions warrant excluding, however, those areas referenced in Tenn. Code Ann. § 7-52-403(b).

Respectfully submitted,

Handwritten signature of Teresa Cobb in black ink, with the initials "/mws" written to the right of the name.

Teresa Cobb
Jackson Energy Authority
119 E. College Street
Jackson, Tennessee 38301
(731) 422-7280 telephone
(731) 422-7221 facsimile

Attorney for Jackson Energy Authority

Handwritten signature of Mark W. Smith in black ink, consisting of stylized initials and a surname.

Melvin J. Malone
Mark W. Smith
MILLER & MARTIN PLLC
150 Fourth Avenue North
1200 One Nashville Place
Nashville, Tennessee 37219-2433
(615) 244-9270 telephone
(615) 256-8197 facsimile

Attorneys for Jackson Energy Authority

Certificate of Service

I hereby certify that a true and correct copy has been forwarded via U.S. Mail to the following on this the 31st day of August 2007.

Ardmore Telephone Company, Inc.
P.O. Box 547
517 Ardmore Avenue
Ardmore, TN 38449

AT&T
333 Commerce Street
Nashville, TN 37201-3300

Century Telephone of Adamsville
P.O. Box 405
116 N. Oak Street
Adamsville, TN 38310

Century Telephone of Claiborne
P.O. Box 100
507 Main Street
New Tazewell, TN 37825

Century Telephone of Ooltewah-Collegedale,
Inc.
P.O. Box 782
5616 Main Street
Ooltewah, TN 37363

Citizens Communications Company of Tennessee
P.O. Box 770
300 Bland Street
Bluefield, WV 24701

Citizens Communications Company of the
Volunteer State
P.O. Box 770
300 Bland Street
Bluefield, WV 24701

Loretto Telephone Company, Inc.
P.O. Box 130
Loretto, TN 38469

Millington Telephone Company, Inc.
4880 Navy Road
Millington, TN 38053

Sprint-United
112 Sixth Street
Bristol, TN 37620

TDS Telecom-Concord Telephone Exchange,
Inc.
P.O. Box 22610
701 Concord Road
Knoxville, TN 37933-0610

TDS Telecom-Humphreys County Telephone
Company
P.O. Box 552
203 Long Street
New Johnsonville, TN 37134-0552

TDS Telecom-Tellico Telephone Company, Inc.
P.O. Box 9
102 Spence Street
Tellico Plains, TN 37385-0009

TDS Telecom-Tennessee Telephone Company
P.O. Box 22995
Knoxville, TN 37933-0995

TEC-Crockett Telephone Company, Inc.
P.O. Box 7
Friendship, TN 38034

TEC-People's Telephone Company, Inc.
P.O. Box 310
Enn, TN 37061

TEC-West Tennessee Telephone Company, Inc.
P.O. Box 10
244 E. Main Street
Bradford, TN 38316

United Telephone Company
P.O. Box 38
120 Taylor Street
Chapel Hill, TN 37034

Charles B. Welch, Jr., Esq.
Farris Mathews Branan Bobango Hellen &
Dunlap, PLC
Historic Castner-Knott Building
618 Church Street, Suite 300
Nashville, Tennessee 37219

Henry M. Walker, Esq.
Boult Cummings Conners & Berry, PLC
1600 Division Street, Suite 700
Nashville, Tennessee 37203



For Miller & Martin PLLC

EXHIBIT A

[Biographical Information for JEA Management and Technical Team]

BIOGRAPHICAL INFORMATION OF KEY MANAGEMENT PERSONNEL

The following individuals below represent the key management team members of Jackson Energy Authority who will be involved with the JEA Telecommunications Division:

Dana R. Wheeler
President/CEO
Jackson Energy Authority

Dana (Danny) R. Wheeler currently serves as President and Chief Executive Officer of Jackson Energy Authority. Immediately before his appointment as President and Chief Executive Officer, Mr. Wheeler served as Senior Vice President and Chief Financial Officer of Jackson Energy Authority. He has also served as Senior Vice President of the Electric Division at Jackson Energy Authority (and its predecessor, Jackson Utility Division), a position he held from 1998 – 2003. Prior to this time, Mr. Wheeler served for two years as Vice President of Marketing and Business Development with Jackson Utility Division. From 1993 – 1996, he was employed with Allen & Hoshall Architects and Engineers in the Marketing and Business Development Department. Prior to 1993, Mr. Wheeler was co-owner and President of a successful retail computer franchise, and from 1977 – 1985, he worked at Power and Telephone Supply as a sales engineer. Prior to 1977, Mr. Wheeler was a project engineer for Jackson Utility Division's electric system for six years.

Mr. Wheeler is a graduate of The University of Tennessee with a Bachelor's Degree in Science/Electrical Engineering. He also serves as chairman of the boards of The Tennergy Corporation and Tennergy Partners, LLC.

Teresa Cobb
General Counsel
Jackson Energy Authority

Teresa Cobb became General Counsel for Jackson Energy Authority, The Tennergy Corporation and Tennergy Partners, LLC, in 2003. Before accepting these positions, Ms. Cobb was a litigation attorney, Rule 31 mediator and Assistant Jackson City Attorney at Spragins, Barnett and Cobb.

Ms. Cobb graduated cum laude from the University of Memphis in 1977 and did post graduate work at Christian Brothers University. In 1991, she received a Doctor of Jurisprudence from the University of Memphis Cecil C. Humphreys School of Law.

She is a member of the Tennessee and Madison County Bar Associations and the Anne Schneider Chapter of the Lawyers Association for Women. She served on the District 7 Tennessee Bar Review Committee from 1992-96. She serves on the Academic Support Group at the University School of Jackson.

Nancy Nanney
Senior Vice President and Chief Financial Officer
Jackson Energy Authority

Nancy R. Nanney serves as Senior Vice President and Chief Financial Officer of Jackson Energy Authority. From August 2002 – 2006 she served as Vice President and Chief Financial Officer of the Tennergy Corporation, a public non-profit energy acquisition and supply company based in Jackson, Tennessee. Before returning to the utility industry in 2002, Mrs. Nanney served as Controller for Trinity Christian Academy. She had previously worked with Jackson Energy Authority (then, Jackson Utility Division) from 1990 until 1996, as a financial analyst before being promoted to Finance Manager. Her utility career began with the Tennessee Valley Authority where she worked as a field accountant from 1982 until 1990. Mrs. Nanney is a graduate of the University of Tennessee with a Bachelor's Degree in Accounting. She received an MBA Degree from the University of Memphis. Mrs. Nanney is a member of the Tennessee Gas Association and the American Public Gas Association and also serves on the Board of Trustees of Trinity Christian Academy as Treasurer.

Thomas E. Nanney
Senior Vice President – Electric Division
Jackson Energy Authority

Thomas E. Nanney serves as Senior Vice President of the Electric Division at the Jackson Energy Authority. He has served in this capacity since April 2003 and has the responsibility for the operation and development of the Authority's electric system. Mr. Nanney previously has served as the Senior Vice President of Telecommunications, Vice President of Business Development, the Vice President of Engineering and the Vice President of Operations. He is a 1975 graduate of the University of Tennessee with a Bachelor of Science degree in Electrical Engineering and a 1988 graduate of the University of Memphis with a Masters of Business Administration degree in Management. Mr. Nanney is a Registered Professional Engineer in the State of Tennessee.

Mr. Nanney began his twenty-six plus years association with the Authority in 1971 as a cooperative engineering student. The Authority employed him in 1977 as a Project Engineer following two years of employment with the Tennessee Valley Authority. Mr. Nanney has served on the Tennessee Valley Public Power Association Research and Development Committee, serving as its Chair for one year. He is a Certified Power Executive through the Tennessee Valley Public Power Association. He has served on the American Public Power Association's Transmission & Distribution Committee since 1989, serving as Chair for two years. He has served as the Chair of the American Public Power Association's Engineering & Operations Section. Mr. Nanney is a charter appointee of, and continues to serve on, the American Public Power Association's Industry Standards Committee whose responsibility is to review proposed changes to the National Electric Safety Code. This committee submits comments to the National Electric Safety Code as a part of the code change process on behalf of the association for the 2000+ public power systems in the United States. Mr. Nanney has also served on the American Public Power Association's Demonstration of Energy-Efficient Developments Board.

Kim K. Kersey
Senior Vice President – Telecommunications Division
Jackson Energy Authority

Mr. Kim K. Kersey, Senior Vice President – Telecommunications for Jackson Energy Authority, has been in the cable television industry since 1971, working in senior management positions for the past 21 years. Mr. Kersey was promoted to General Manager of the Teleprompter Cable TV system in Tuscaloosa, Alabama in 1980 and served in that capacity through subsequent owners Group W Cable and Comcast Corporation until 1992. Mr. Kersey relocated to Jackson, Tennessee to become Area General Manager for Cablevision Industries' 32,000 subscriber West Tennessee cable television operations. After Charter Communications acquired the West Tennessee properties in 1998, Mr. Kersey was promoted to Director of Operations for Charter's group of cable systems serving over 90,000 cable subscribers in West Tennessee and West Kentucky. In November 2001, Mr. Kersey left Charter to head up the Jackson Energy Authority's new cable television venture.

Throughout his career, Mr. Kersey has been directly involved in all facets of cable television operations, including general management, customer service, government relations, marketing, and construction management. He has served as two-term Board Chairman for both the Alabama and Tennessee Cable Television Associations, and is a member of the honorary Tower Club in the Southern Cable Television Association. He is active in local community activities, serving on the Jackson Chamber of Commerce Board of Directors and Executive Committee, as well as leadership positions in several local organizations. He holds a B.A. degree from Rhodes College in Memphis, Tennessee.

Michael Johnston
Vice President, Information Technology
Jackson Energy Authority

Mr. Michael Johnson brings 12 years' experience in information technology to JEA. He served 6 years with IBM as Project Manager in charge of computer system and network deployments. He served 2 years as an independent consultant for Nortel Networks as project manager for computer system and network deployments, and he spent 2 years in a small business consulting firm that he founded to focus on Internet and telephone solutions for small businesses. Mr. Johnson has 2 years' experience with JEA. His primary responsibility has been over for all Internet and telephone architecture and support

EXHIBIT B

[June 30, 2007 JEA Telephone Business Unit Preliminary Unaudited Monthly Report]

JACKSON ENERGY AUTHORITY

Telecommunications - Telephone

Monthly Financial Reports

as of

June 30, 2007

PRELIMINARY

**Jackson Energy Authority
Telecommunications System - Telephone
Statement of Net Assets**

	June 30	
	2007	2006
<u>Assets</u>		
Utility Plant		
Construction Work in Progress	17.89	0.00
Total Net Plant	17.89	0.00
Current Assets		
Cash - Gross Revenue Fund	\$ 11,610.19	\$ 91,370.04
Accounts Receivable - Customer Billing	281,025.98	254,904.63
Accounts Receivable - Miscellaneous	6,300.13	14,103.36
Accumulated Provisions for Uncollectible Accounts	2,112.09	(1,566.03)
Materials and Supplies - Utility	1,323.86	1,323.86
Accrued Interest Receivable	0.00	(1.61)
Prepaid Expenses	326.13	128.59
Other Current Assets	25.00	25.00
Total Current Assets	302,723.38	360,287.84
Deferred Debits		
Miscellaneous Deferred Debits	370,917.78	387,857.18
Total Deferred Debits	370,917.78	387,857.18
Total Assets	\$673,659.05	\$748,145.02

Jackson Energy Authority
Telecommunications System - Telephone
Statement of Net Assets

	June 30	
	2007	2006
<u>Liabilities and Net Assets</u>		
Long Term Debt		
Notes Payable	\$ 551,000.00	\$ 650,000.00
Total Long-Term Debt	551,000.00	650,000.00
Current and Accrued Liabilities		
Accounts Payable - General	5,425.55	3,658.03
Customer Deposits	31,399.80	11,430.00
Sales/Use Tax Payable	1,129.40	154.38
Other Current & Accrued Liabilities	194,428.50	292,135.81
Total Current and Accrued Liabilities	232,383.25	307,378.22
Reserves		
Accrued Leave	36,808.84	20,919.52
Total Reserves	36,808.84	20,919.52
Deferred Credits		
Net Assets		
Investment in Capital Assets, Net of Related Debt	17.89	0.00
Restricted For:		
Capital Projects	0.00	0.00
Debt Service	0.00	0.00
Unrestricted	(146,550.93)	(230,152.72)
Total Net Assets	(146,533.04)	(230,152.72)
Total Liabilities and Net Assets	\$673,659.05	\$748,145.02

Jackson Energy Authority
Telecommunications System - Telephone
Statement of Cash Flows

	June 30	
	Current Month	12 Months Year to Date
Cash Provided by (used in) Operating Activities:		
Net Income	(\$5,327.57)	\$83,619.68
Adjustments to Reconcile Net Income to Net Cash		
Changes in Current and Deferred Items:		
Accounts Receivable	(6,578.44)	(21,996.24)
Prepayments and Other Current Assets	687.07	(199.15)
Deferred Debits	1,467.07	16,939.40
Accounts Payable	1,474.05	1,767.52
Customer Deposits	19.80	57,059.80
Taxes and Interest Accrued	267.01	(36,114.98)
Other Current Liabilities	(54,012.74)	(97,707.31)
Accrued Leave	4,969.02	15,889.32
Net Cash Provided by (used for) Operating Activities	(57,034.73)	19,258.04
Cash Provided by (used in) Investing Activities:		
Net Change in Plant	(17.89)	(17.89)
Net Cash Provided by (used in) Investing Activities	(17.89)	(17.89)
Cash Provided by (used in) Financing Activities		
Net Change in Notes Payable	50,000.00	(99,000.00)
Net Cash Provided by (used in) Financing Activities	50,000.00	(99,000.00)
Net Increase (Decrease) in Cash and Temp. Investments	(7,052.62)	(79,759.85)
Cash and Temporary Investments - Prior Period	18,662.81	91,370.04
Cash and Temporary Investments - Current Period	\$11,610.19	\$11,610.19

Jackson Energy Authority
Telecommunications System - Telephone
Statement of Revenues, Expenses and Changes in Net Assets

	June 30		12 Months Year to Date	
	2007	2006	2007	2006
Operating Revenue				
Local Network Services Revenues	\$47,071.96	(\$189,491.11)	\$450,775.86	\$251,458.67
Miscellaneous Revenues	(4,198.77)	30,523.76	195,003.43	233,513.44
Uncollectible Revenues	(138.65)	(138.70)	(1,663.80)	(1,664.35)
Total Operating Revenue	42,734.54	(159,106.05)	644,115.49	483,307.76
Operating Expense				
Plant Specific	654.21	979.29	6,972.17	6,389.97
Plant Non-Specific	6,054.80	3,195.92	52,467.82	24,569.55
Customer Operations	15,450.91	13,858.46	185,883.84	190,574.62
Corporate Operations	19,682.21	14,172.96	233,803.29	189,587.14
Total Operating Expense	41,842.13	32,206.63	479,127.12	411,121.28
Other Operating Expense				
Depreciation & Amortization	1,411.74	1,411.74	16,940.88	16,940.88
Payroll Taxes	1,588.94	1,245.91	19,684.95	17,387.72
Other Taxes	1,421.73	(86,413.78)	37,340.79	(2,366.51)
Total Other Operating Expense	4,422.41	(83,756.13)	73,966.62	31,962.09
Operating Income	(3,530.00)	(107,556.55)	91,021.75	40,224.39
Non-Operating Income				
Interest Income	652.71	193.84	(6,537.02)	2,093.49
Other Non-Operating Income	1,154.14	(86,573.82)	35,227.06	(3,058.91)
Total Non-Operating Income	1,806.85	(86,379.98)	28,690.04	(965.42)
Non-Operating Expenses				
Other Interest Expense	3,604.42	4,778.54	36,092.11	46,999.36
Miscellaneous Income Deductions	0.00	137.54	0.00	1,147.03
Total Non-Operating Expenses	3,604.42	4,916.08	36,092.11	48,146.39
Income before Contributions	(\$5,327.57)	(\$198,852.61)	\$83,619.68	(\$8,887.42)
Net Assets, beginning of period	(141,205.47)	(31,300.11)	(230,152.72)	(221,265.30)
Net Assets, end of period	(\$146,533.04)	(\$230,152.72)	(\$146,533.04)	(\$230,152.72)

Jackson Energy Authority
Telecommunications System - Telephone
Statement of Revenues, Expenses and Changes in Net Assets

	June 30, 2007	
	<u>Current Month</u>	<u>12 Months Ended</u>
Operating Revenue		
Local Network Services Revenues	\$47,071.96	\$450,775.86
Miscellaneous Revenues	(4,198.77)	195,003.43
Uncollectible Revenues	(138.65)	(1,663.80)
Total Operating Revenue	<u>42,734.54</u>	<u>644,115.49</u>
Operating Expense		
Plant Specific	654.21	6,972.17
Plant Non-Specific	6,054.80	52,467.82
Customer Operations	15,450.91	185,883.84
Corporate Operations	19,682.21	233,803.29
Total Operating Expense	<u>41,842.13</u>	<u>479,127.12</u>
Other Operating Expense		
Depreciation & Amortization	1,411.74	16,940.88
Payroll Taxes	1,588.94	19,684.95
Other Taxes	1,421.73	37,340.79
Total Other Operating Expense	<u>4,422.41</u>	<u>73,966.62</u>
Operating Income	<u>(3,530.00)</u>	<u>91,021.75</u>
Non-Operating Income		
Interest Income	652.71	(6,537.02)
Other Non-Operating Income	1,154.14	35,227.06
Total Non-Operating Income	<u>1,806.85</u>	<u>28,690.04</u>
Non-Operating Expenses		
Other Interest Expense	3,604.42	36,092.11
Total Non-Operating Expenses	<u>3,604.42</u>	<u>36,092.11</u>
Income before Contributions	<u>(\$5,327.57)</u>	<u>\$83,619.68</u>
Net Assets, beginning of period	(141,205.47)	(230,152.72)
Net Assets, end of period	<u>(\$146,533.04)</u>	<u>(\$146,533.04)</u>

Jackson Energy Authority
Telecommunications System - Telephone
Budget Variance Report
June 30, 2007

	12 Months Year to Date		Over (Under)	%
	Actual	Budget	Budget	Variance
Operating Revenue				
Local Network Services Revenues	\$450,776	\$731,318	(\$280,542)	-38.4%
Miscellaneous Revenues	195,003	133,366	61,638	46.2%
Uncollectible Revenues	(1,664)	0	(1,664)	#N/A
Total Operating Revenue	644,115	864,684	(220,568)	(0)
Operating Expense				
Plant Specific	6,972	6,731	241	3.6%
Plant Non-Specific	52,468	31,233	21,235	68.0%
Customer Operations	185,884	269,581	(83,697)	-31.0%
Corporate Operations	233,803	254,577	(20,773)	-8.2%
Total Operating Expense	479,127	562,121	(82,994)	-14.8%
Other Operating Expense				
Depreciation & Amortization	16,941	16,941	0	0.0%
Payroll Taxes	19,685	19,693	(8)	0.0%
Other Taxes	37,341	123	37,218	30377.3%
Total Other Operating Expense	73,967	36,756	37,210	101.2%
Operating Income	91,022	265,806	(174,784)	-65.8%
Non-Operating Income				
Interest Income	(6,537)	0	(6,537)	#N/A
Other Non-Operating Income	35,227	(36,662)	71,889	-196.1%
Total Non-Operating Income	28,690	(36,662)	65,352	(2)
Non-Operating Expenses				
Other Interest Expense	36,092	84,290	(48,198)	-57.2%
Miscellaneous Income Deductions	0	1,100	(1,100)	-100.0%
Total Non-Operating Expenses	36,092	85,390	(49,298)	(1)
Income before Contributions	\$83,620	\$143,754	(\$60,135)	-41.8%
Net Assets, beginning of period	(230,153)			
Net Assets, end of period	(\$146,533)			

EXHIBIT C

[Pre-filed Testimony of Mr. Dana R. Wheeler]

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

APPLICATION OF JACKSON)	DOCKET NO.
ENERGY AUTHORITY TO EXPAND)	
ITS CERTIFICATE OF)	
CONVENIENCE AND NECESSITY TO)	
PROVIDE INTRASTATE)	
TELECOMMUNICATIONS SERVICES)	

PRE-FILED TESTIMONY OF

MR. DANA R. WHEELER

OF

JACKSON ENERGY AUTHORITY

D/B/A JEA

August 31, 2007

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Dana R. Wheeler, and my business address is Jackson Energy Authority, 119
3 College Street, Jackson, Tennessee, 38301.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am the President and Chief Executive Officer of Jackson Energy Authority d/b/a JEA
6 ("Applicant").

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
8 **EXPERIENCE.**

9 A. I have worked with Jackson Energy Authority for 19 years. Prior to becoming
10 President/CEO, I served as the Senior Vice President and Chief Financial Officer from
11 2003 to 2006. I have also held the position of Senior Vice President of the Electric
12 Division for JEA (formerly Jackson Utility Division) from 1998 to 2003, and spent two
13 years as Vice President of Marketing and Business Development. From 1996 to 1998, I
14 was employed by Allen & Hoshall Architects and Engineers in the Marketing and
15 Business Development department. Prior to 1993, I was the co-owner and President of a
16 successful retail computer franchise, and from 1977 to 1985, I worked at Power and
17 Telephone Supply as a sales engineer. In 1970, I began my career with Jackson Utility
18 Division as a project engineer for the electric system. I am a graduate of The University
19 of Tennessee with a Bachelor's Degree in Science/Electrical Engineering. I also serve as
20 Chairman of the Board of Directors of The Tennergy Corporation, and I am the Chairman
21 of the Jackson Area Chamber of Commerce.

22 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

23 A. I am testifying on behalf of JEA.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to support the *Application of Jackson Energy Authority*
3 *for Expanded Certificate of Public Convenience and Necessity to Provide Intrastate*
4 *Telecommunications Services (the "Application")*. JEA respectfully requests the
5 Authority to modify its Certificate of Public Convenience and Necessity on an expedited
6 basis and authorize it to provide retail telecommunications services state-wide in
7 Tennessee, consistent with state law.

8 **Q. PLEASE DESCRIBE JEA'S TELECOMMUNICATIONS OPERATIONS IN THE**
9 **STATE OF TENNESSEE.**

10 A. In its Order dated March 5, 2004, in TRA Docket No. 03-00438, the Tennessee
11 Regulatory Authority ("Authority" or "TRA") found that JEA satisfied the managerial,
12 technical and financial requirements set forth in Tenn. Code Ann. § 65-4-201(c) to
13 provide telecommunications services as a carriers' carrier to competitive local exchange
14 carriers (or "CLECs") within Madison County.¹ The Authority also found that JEA had
15 filed an acceptable Small and Minority-Owned Telecommunications Business
16 Participation Plan. JEA currently offers a full range of telecommunications services and
17 support services to CLECs in Madison County, Tennessee, and JEA operates as a
18 facilities-based provider, utilizing capacity on its fiber optics network to provide services
19 to telecommunications and Internet providers in Madison County, Tennessee.

¹ See Order Approving Application For Certificate of Public Convenience and Necessity, *In Re: Application of Jackson Energy Authority for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Service*, TRA Docket No. 03-00438 (March 5, 2004) ("Order Approving JEA Application").

1 **Q. WHAT IS JEA SEEKING IN ITS APPLICATION IN THIS DOCKET?**

2 A. JEA is currently seeking expanded authority to provide retail telecommunications
3 services state-wide in Tennessee, as business conditions warrant. JEA intends to offer a
4 full range of telecommunications services and support services to retail customers in
5 Tennessee, including, but not limited to, dedicated and switched access services, private
6 line services, local dial tone, 911 services and enhanced services in its authorized service
7 area. In compliance with Tenn. Code Ann. § 7-52-403(b), JEA is not seeking expanded
8 authority to provide services within the service area of an existing telephone cooperative
9 with fewer than 100,000 total access lines organized and operating under the provisions
10 of title 65, chapter 29.

11 **Q. WHY IS JEA SEEKING EXPANDED AUTHORITY?**

12 A. Expansion into retail services is necessary for the long term financial health of the JEA
13 fiber to the home project. While JEA attempted to limit its role to that of a wholesale
14 carriers' carrier, that model has not proven to provide sufficient revenues or income to
15 JEA's project.

16 **Q. PLEASE PROVIDE THE BACKGROUND FOR JEA'S DECISION TO LIMIT**
17 **ITS ORIGINAL APPLICATION TO SERVICES AS A CARRIERS' CARRIER.**

18 A. As a result of litigation challenging JEA's entry into broadband, JEA entered into a
19 Memorandum of Understanding with Aeneas Internet & Telephone, a copy of which is
20 attached as Exhibit DRW-1 (the "MOU"). The MOU documented a settlement of
21 disputed issues between the parties. As part of the MOU, JEA's participation in the
22 telephone and Internet business was limited to providing service as a wholesale carriers'
23 carrier to other CLECs. Recognizing that the long term financial health of JEA's

1 broadband project would depend, in large part, on the overall penetration of retail
2 telephone and Internet services, the MOU included certain mandatory performance
3 requirements for both Aeneas and aggregate performance requirements for all carriers
4 choosing to use JEA's fiber network. The MOU terminates by its own terms if the
5 performance requirements have not been met.

6 **Q. HAVE THE PERFORMANCE REQUIREMENTS UNDER THE MOU BEEN**
7 **MET?**

8 A. No, those performance requirements have not been met. As a result, the MOU has
9 terminated by its own terms, thereby enabling JEA to expand its broadband services to
10 include retail telephone and Internet services.

11 **Q. HAS THE JEA BOARD AUTHORIZED MANAGEMENT TO EXPAND JEA'S**
12 **BROADBAND OPERATIONS TO INCLUDE RETAIL TELEPHONE AND**
13 **INTERNET OPERATIONS?**

14 A. Yes, at its August 23, 2007 Board meeting, the Board of Directors of JEA authorized
15 management to expand JEA's broadband operations to include both retail telephone and
16 retail Internet operations. At that same Board meeting, the Board of Directors of JEA
17 authorized management to enter into a wholesale services agreement between the JEA
18 and Cinergy Communications. Under the terms of the agreement with Cinergy, JEA will
19 utilize Cinergy Communications' network (including its soft switch) and expertise in
20 support of JEA's provision of telephone service to retail customers over JEA's state of
21 the art broadband network. The agreement also calls for the transition of Cinergy
22 Communications' existing customer base in Madison County to JEA.

1 **Q. WHEN WILL THE TRANSFER OF CINERGY COMMUNICATIONS'**
2 **EXISTING RETAIL TELEPHONE CUSTOMER BASE IN MADISON COUNTY**
3 **BECOME EFFECTIVE?**

4 **A. Upon receipt of regulatory approval in this Docket and compliance with state and federal**
5 **regulatory requirements concerning the transfer of Cinergy Communications' customer**
6 **base in Madison County.**

7 **Q. WILL JEA CONTINUE TO ENTER INTO WHOLESALE ARRANGEMENTS**
8 **WITH CLECS THAT WISH TO USE JEA'S FIBER NETWORK?**

9 **A. Yes, JEA will continue to negotiate wholesale arrangements with interested CLECs.**

10 **Q. WILL THE *APPLICATION* MODIFY OR ALTER THE SERVICES THAT JEA**
11 **PROVIDES TO AENEAS UNDER ITS EXISTING INTERCONNECTION**
12 **AGREEMENT?**

13 **A. No. JEA will continue to honor that agreement, which had an original term of ten (10)**
14 **years.**

15 **Q. PLEASE DESCRIBE THE CONSUMER BENEFITS THAT SHOULD RESULT**
16 **FROM JEA'S ENTRY INTO THE RETAIL TELEPHONE BUSINESS.**

17 **A. JEA's entry into the retail telephone business will provide more consumers with**
18 **increased carrier choices, competitive pricing, increased reliability, responsiveness, and**
19 **innovation. The granting of this *Application* will provide significant benefits to**
20 **Tennessee consumers and thereby serve the public interest.**

1 **Q. DOES JEA CONTINUE TO MEET THE STATUTORY REQUIREMENTS SET**
2 **FORTH IN TENN. CODE ANN. § 65-4-201(c)?**

3 A. Yes. The Authority granted JEA a Certificate of Public Convenience and Necessity in
4 2004 based, in part, upon finding that JEA possessed the requisite managerial
5 qualifications to provide telecommunications services in Tennessee.² Since that time,
6 JEA has supplemented its staff of experienced telecommunications personnel and gained
7 valuable experience as a telecommunications provider. This experience provides JEA
8 with the foundation necessary to provide the proposed telecommunications services and
9 to serve Tennessee's telecommunications consumers. JEA remains managerially and
10 technically qualified to provide telecommunications services statewide. Attached as
11 **Exhibit A** to the *Application* is a list of the names of the Applicant's principal company
12 officers and a description of each officer's background and experience. As shown in this
13 exhibit, these officers of the company have substantial managerial and technical
14 experience in the areas of utility engineering, utility operations, utility customer service
15 and utility marketing.

16 JEA remains financially qualified to provide telecommunications services. Attached as
17 **Exhibit B** to the *Application* are JEA's June 30, 2007 unaudited preliminary monthly
18 financial reports for JEA's Telephone Business Unit. These include financial
19 information for the 12 months ending June 30, 2007 and June 30, 2006, and these reports

² See *Order Approving JEA Application* at 8 ("With respect to JEA's managerial and technical ability, compelling evidence has been presented to demonstrate that JEA possesses a sufficiently experienced management staff The Authority concludes that JEA possesses the requisite experience to provide the applied for services based upon the foregoing demonstration of managerial fitness and technical ability.").

1 demonstrate that JEA is financially qualified to provide local exchange services. The
2 additional margin from retail sales is also expected to materially improve the financial
3 condition of the Telephone Business Unit.

4 **Q. WILL JEA CONTINUE TO COMPLY WITH THE TRA'S POLICIES, RULES,**
5 **AND ORDERS?**

6 A. Yes. And, subsequent to the approval of its *Application*, JEA will file any necessary
7 tariff revisions prior to providing service in those areas of Tennessee covered by this
8 *Application*.

9 **Q. WILL JEA COMPLY WITH STATE LAW IN RELATION TO ITS REQUEST**
10 **FOR EXPANDED AUTHORITY?**

11 A. Yes. As noted earlier, to the extent required by state law, JEA will not provide
12 telecommunications services in any area of the State of Tennessee covered by this
13 *Application* without first seeking and obtaining the consent of the affected municipality,
14 or local government, in said area(s).

15 **Q. WILL THE GRANTING OF THIS APPLICATION SERVE THE PUBLIC**
16 **INTEREST?**

17 A. Yes. The Authority approved JEA's application for a Certificate of Public Convenience
18 and Necessity on March 5, 2004, based, in part, upon finding that granting the same was
19 in the public interest. Since that time, JEA has developed and matured as a seasoned
20 broadband provider. The granting of this *Application* will further the public interest by
21 expanding the availability of telecommunications services, consistent with state law and
22 as JEA's business circumstances permit, throughout the State of Tennessee. Specifically,
23 Tennessee consumers will benefit directly through the use of the competitive local

1 services to be offered by JEA. Further, the public will benefit indirectly because the
2 competitive presence of JEA will increase the incentives for telecommunications
3 providers to operate more efficiently, offer more innovative services, reduce prices,
4 improve the quality and coverage of their services, and increase investment in broadband
5 infrastructure. Finally, the granting of this *Application* would be consistent with the
6 public policy of the State of Tennessee, as set forth at Tenn. Code Ann. § 65-4-123, “to
7 foster the development of an efficient, technologically advanced statewide system of
8 telecommunications services by permitting competition in all telecommunications
9 services market.”

10 **Q. WILL JEA CONTINUE TO COMPLY WITH THE ADDITIONAL CONDITIONS**
11 **UNDER SECTION V OF THE *ORDER APPROVING JEA APPLICATION*?**

12 A. Yes.

13 **Q. IS THE *APPLICATION* TRUE AND CORRECT TO THE BEST OF YOUR**
14 **KNOWLEDGE, INFORMATION AND BELIEF?**

15 A. Yes.

16 **Q. DOES THIS CONCLUDE YOUR PRE-FILED TESTIMONY?**

17 A. Yes, it does. Thank you.

1 I swear that the foregoing testimony is true and correct to the best of my knowledge, information
2 and belief.


3 
4 Dana R. Wheeler
5 President and Chief Executive Officer
6 Jackson Energy Authority

EXHIBIT DRW-1

(Aeneas Memorandum of Understanding)

IN THE CHANCERY COURT OF TENNESSEE FOR MADISON COUNTY

AENEAS COMMUNICATIONS, LLC

Plaintiff

RD 60064

vs

**THE CITY OF JACKSON, TENNESSEE,
AND THE JACKSON ENERGY AUTHORITY**

Defendants

**MEMORANDUM OF UNDERSTANDING BETWEEN THE JACKSON ENERGY
AUTHORITY AND AENEAS COMMUNICATIONS, LLC**

Come now the parties to this lawsuit to announce to the Court that this matter has been compromised and is resolved according to the following terms to be approved by the Board of the Jackson Energy Authority.

1. The Jackson Energy Authority (JEA) proposes to build and operate a fiber-optic broadband network for the citizens of Jackson that will provide cable television and Internet access services. This network will also have the capability of transporting telephone signals and the network shall be open to all qualified Tennessee Competitive Local Exchange Carriers (CLEC's). The Jackson Energy Authority will seek a limited Certificate of Public Convenience and Necessity from the Tennessee Regulatory Authority that will permit JEA to transport telephone signals over this open network and provide support services such as billing, installation, maintenance, marketing and provisioning for the participating CLEC's. The application for the certificate will not include a request for authorization for JEA to provide retail telephone service.
2. Aeneas Communications, LLC shall support and facilitate the efforts of the Jackson Energy Authority in its application for a Certificate of Convenience and Necessity, including but not limited to providing the TRA with a statement of support endorsing JEA's open network.
3. The Jackson Energy Authority and Aeneas Communications, LLC shall enter into a ten-year network access agreement on a per customer basis whereby Aeneas will lease capacity on JEA's open network to serve Aeneas' telephone and Internet customers. The lease amount shall not be more than is charged any other provider. Within this agreement, JEA may offer optional carrier support services such as

marketing, installation, billing, maintenance, and provisioning to Aeneas for additional charges per customer or transaction.

4. Jackson Energy Authority chooses not to enter the retail telephone and Internet business as long as Aeneas is serving the Jackson market in accordance with this Memorandum. Jackson Energy Authority may independently reverse its decision not to enter the retail market for either the telephone business (subject to any necessary TRA approval) or Internet business if Aeneas does not meet the following service conditions.
- a) Aeneas shall begin providing retail telephone and Internet service over JEA's network within 90 days upon commercial launch of the first stage of the network, unless Aeneas encounters technical problems within JEA's network that are beyond Aeneas' control.
 - b) Aeneas shall provide Aeneas telephone service on JEA's network to all of JEA's customer classes in a non-discriminatory manner to meet customer demand and at competitive retail rates that are at or below BellSouth's standard rates for equivalent service.
 - c) Aeneas shall provide Aeneas Internet service on JEA's network to all of JEA's customer classes in a non-discriminatory manner to meet customer demand and at rate and service levels that are competitive with other providers in the Jackson market.
 - d) Aeneas and all other providers utilizing the open network in the aggregate shall achieve market penetration levels of premises passed by the network according to the schedule below following JEA's commercial launch of its network, and shall maintain those penetration levels of customers served through the network as a minimum throughout the term of the network access agreement:

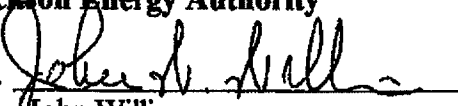
<u>Class of Service</u>	<u>Penetration of Premises Passed</u>	
	<u>End of 3 Yrs.</u>	<u>End of 5 Yrs</u>
1) Residential telephone	20%.	25%
2) Commercial telephone	30%	35%
3) Residential Internet	20%	25%
4) Commercial Internet	20%	25%

"Commercial launch" shall occur after beta testing.

5. In consideration of the terms of this Memorandum of Understanding, Aeneas Communications, LLC shall submit to the Court a Stipulation of Dismissal terminating the appeal pending in this lawsuit, with costs to be paid by Aeneas.

AGREED:

Jackson Energy Authority

By: 
John Williams

Title: President

Approved by the Jackson Energy Authority Board on the ____ day of _____, 2003.

Aeneas Communications, LLC.

By: 
Jonathan Harlan

Title: Managing Member