

DORSEY, KING, GRAY, NORMENT & HOPGOOD

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HENDERSON, KENTUCKY 42420

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August 5, 2011

VIA FEDEX

RECEIVED

AUG 08 2011

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Case No. 2011-00196
Kenergy Corp.

Dear Mr. Derouen:

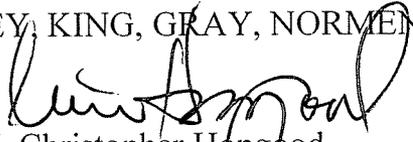
Enclosed you will find the original and 10 copies of Kenergy's Responses to Commission Staff's First Request for Information.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood
Counsel for Kenergy Corp.

JCH/cds

Encls.

COPY/w/encls: Mr. Sanford Novick, Kenergy

RECEIVED

AUG 08 2011

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION PUBLIC SERVICE
COMMISSION

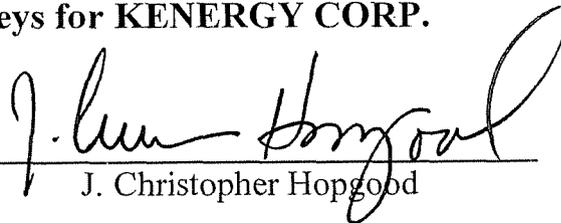
In the Matter of:

APPLICATION OF KENERGY CORP.)
FOR CERTIFICATE OF CONVENIENCE) CASE NO. 2011-00196
AND NECESSITY)

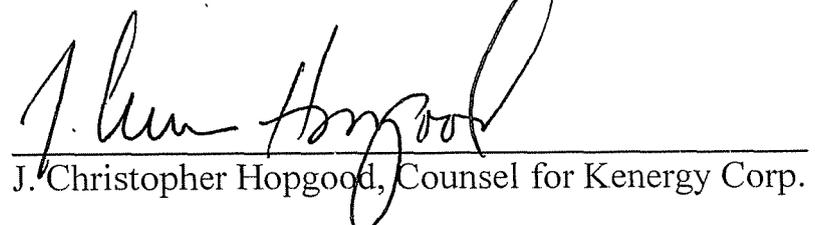
KENERGY'S RESPONSES TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION

DORSEY, KING, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, Kentucky 42420
Telephone 270-826-3965
Telefax 270-826-6672
Attorneys for KENERGY CORP.

By


J. Christopher Hopgood

I hereby certify that the original and 10 copies of this document were placed with FedEx to be delivered to Mr. Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, this 5th day of August, 2011.

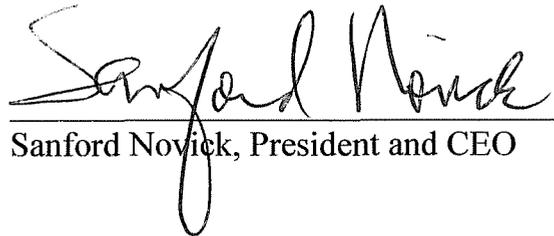

J. Christopher Hopgood, Counsel for Kenergy Corp.

**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

VERIFICATION

I, **SANFORD NOVICK**, verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



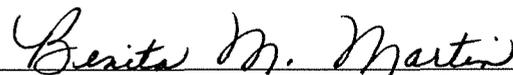
Sanford Novick, President and CEO

STATE OF KENTUCKY

COUNTY OF Daniels

The foregoing was signed, acknowledged and sworn to before me by **SANFORD NOVICK**, this 5th day of August, 2011.

My commission expires Oct. 16, 2012



Notary Public, State of Kentucky at Large

(seal)

**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

VERIFICATION

I, **STEVE THOMPSON**, verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Steve Thompson

Steve Thompson, Vice President - Finance

STATE OF KENTUCKY

COUNTY OF *Daviess*

The foregoing was signed, acknowledged and sworn to before me by **STEVE THOMPSON**, this *5th* day of August, 2011.

My commission expires *Oct. 16, 2012*

Berita M. Martin

Notary Public, State of Kentucky at Large

(seal)

**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

VERIFICATION

I, **GERALD FORD**, verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



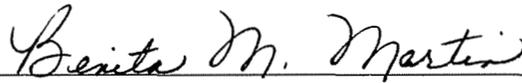
Gerald Ford, Vice President - Operations

STATE OF KENTUCKY

COUNTY OF Warren

The foregoing was signed, acknowledged and sworn to before me by **GERALD FORD**, this 5th day of August, 2011.

My commission expires Oct. 16, 2012



Notary Public, State of Kentucky at Large

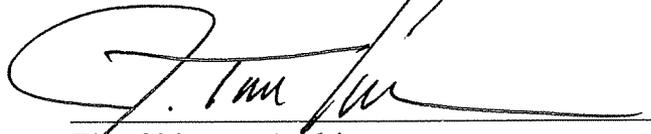
(seal)

**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

VERIFICATION

I, **TIM SKINNER**, verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



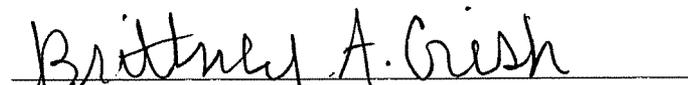
Tim Skinner, Architect

STATE OF KENTUCKY

COUNTY OF HENDERSON

The foregoing was signed, acknowledged and sworn to before me by **TIM SKINNER**, this 5 day of August, 2011.

My commission expires 2-13-2012



Notary Public, State of Kentucky at Large

(seal)

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 1) According to the 2011 edition of the Kentucky Association of Electric Cooperatives Director, Kenergy has two main offices located at Henderson and Owensboro, and four branch offices located at Hanson, Hartford, Hawesville and Marion.

a. State whether the above information is still correct and current.

RESPONSE:

Kenergy has three (3) locations that house construction and service crews: Henderson, Owensboro, and Marion. All locations have customer service representatives to conduct business with customers.

b. Provide a map of the Kenergy service territory displaying the respective service area and the number of customers served by each of the abovementioned offices.

RESPONSE:

Attached is map of Kenergy districts and number of customers in each district.

WITNESS: Gerald Ford

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 2) State whether the Marion branch office building is the only Kenergy building being considered for replacement or major renovation in the near future. If no, provide all available information for the planned projects.

RESPONSE:

The Marion branch office is the only building being considered for replacement or major renovation.

WITNESS: Sanford Novick

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 3) State whether Kenergy considered combining any of the offices or replacing them with payment locations or service locations within other structures. If no, explain why Kenergy did not consider this option.

RESPONSE:

There are no Kenergy facilities within the Marion District territory. Hence, combining offices could not be considered. Additionally, the primary function of the proposed building is to house the construction crews and service technicians. Accordingly, alternates for payment locations would result in an extra location rather than just one building. Consequently, the payment collection function is proposed to be incorporated into the building as it currently exists in the Marion office.

WITNESS: Sanford Novick

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

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Item 4) State whether the estimated cost of the project of \$2,000,000.00 includes all costs of the project, such as, the land, grading and other site preparation, utility installation, paving, fencing, landscaping, security features, lighting, etc. If no, provide a listing of all items not included and the estimated cost of those items.

23

RESPONSE:

The \$2,000,000.00 includes all construction costs associated with the project with the exception of the cost of the land, an oil containment system and communication equipment. (ex: Grading and other site preparation, utility installation, paving, fencing, landscaping, security features, lighting, etc. are included.) Land costs will be \$50,000.00, an oil containment system is estimated to be \$20,000.00 and a communication system is estimated to cost \$120,000.00

WITNESS: Tim Skinner and Gerald Ford

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 5) Provide a detailed breakdown of the costs of the project, including, but not limited to, the size of each sub-unit of the office complex and the cost per square foot for each area (i.e., office, materials warehouse, open-air covered garage, enclosed garage and shop, pole yard, and transformer storage area).

RESPONSE:

See attached "Cost Breakdown" document.

WITNESS: Tim Skinner

KENERGY CORP OFFICE / SERVICE FACILITY (Marion, Kentucky)

Estimated Total Construction Cost Breakdown:

TOTAL PROJECT:

| <u>Exterior Work:</u> | |
|-------------------------------|-------------------|
| Concrete Paving..... | \$ 42,600 |
| Exterior Walks | \$ 14,280 |
| Sitework / Grading..... | \$ 25,500 |
| DGA Paving..... | \$ 42,000 |
| Asphalt Paving | \$ 42,120 |
| Pole Yard..... | \$ 5,000 |
| Transformer Storage Area..... | \$ 10,000 |
| Total..... | \$ 181,500 |

Office:

| <u>Square Feet</u> | | <u>\$ per Square Foot</u> | = | <u>Estimated Cost</u> | <u>Percent % M/P/E</u> |
|--------------------|---|---------------------------|---|-----------------------|------------------------|
| 5,844 sq. ft. | @ | \$ 195.97 | = | \$ 1,145,300 | (49.55%) |

Warehouse & Garage:

| <u>Square Feet</u> | | <u>\$ per Square Foot</u> | = | <u>Estimated Cost</u> | <u>Percent % M/P/E</u> |
|--------------------|---|---------------------------|---|-----------------------|------------------------|
| 12,480 sq. ft. | @ | \$ 39.68 | = | \$ 495,200 | (21.54%) |

Open-Air Covered Garage:

| <u>Square Feet</u> | | <u>\$ per Square Foot</u> | = | <u>Estimated Cost</u> | <u>Percent % M/P/E</u> |
|--------------------|---|---------------------------|---|-----------------------|------------------------|
| 6,320 sq. ft. | @ | \$ 28.16 | = | \$ 178,000 | (21.30%) |

Total Building Cost \$ 1,818,500

KENERGY CORP OFFICE / SERVICE FACILITY (Marion, Kentucky)

Estimated M/P/E Construction Cost Breakdown:

MECHANICAL / PLUMBING / ELECTRICAL / FIRE PROTECTION:

Office: (5,844 sq. ft.)

| | <u>Cost</u> | <u>\$ per sq. ft.</u> |
|-------------------|-------------------|-----------------------|
| HVAC..... | \$ 307,000 | (\$ 48.57) |
| Plumbing..... | \$ 52,600 | (\$ 9.00) |
| Electrical..... | \$ 165,300 | (\$ 28.28) |
| Fire Protection.. | \$ 42,600 | (\$ 7.29) |
| | \$ 567,500 | |

Warehouse & Garage: (12,480 sq. ft.)

| | <u>Cost</u> | <u>\$ per sq. ft.</u> |
|-------------------|-------------------|-----------------------|
| HVAC..... | \$ 28,000 | (\$ 2.25) |
| Plumbing..... | \$ 8,000 | (\$ 0.64) |
| Electrical..... | \$ 27,000 | (\$ 2.16) |
| Fire Protection.. | \$ 43,680 | (\$ 3.50) |
| | \$ 106,680 | |

Open-Air Covered Garage: (6,320 sq. ft.)

| | <u>Cost</u> | <u>\$ per sq. ft.</u> |
|-------------------|------------------|-----------------------|
| HVAC..... | \$ 0.00 | (\$ 0.00) |
| Plumbing..... | \$ 6,320 | (\$ 1.00) |
| Electrical..... | \$ 9,480 | (\$ 1.50) |
| Fire Protection.. | \$ 22,120 | (\$ 3.50) |
| | \$ 37,920 | |

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 6) Provide the basis of all cost estimates including copies of any information relied upon in determining costs.

RESPONSE:

All architectural cost were based on standard cost breakdowns of the various components of the facility. All M/P/E cost estimates were taken from an actual project with similar M/P/E systems that is presently under construction in the same region as this project.

WITNESS: Tim Skinner

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 7) Explain who will construct the proposed facility and how Kenergy will choose the contractor.

RESPONSE:

The contract will be awarded to the lowest qualified bidder. Kenergy intends to subject the property to bid with typical bid requirements for surety bond and performance guarantee.

WITNESS: Sanford Novick

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 8) State whether any other property or location was considered for the site of the new building and explain how the selected site was chosen.

RESPONSE:

Four (4) other sites were considered for the site of the new building. The first site considered was located in the Industrial Park on the north side of town. This site was not visible from the highway, the roads were not paved, and the payment center would require a separate facility at another location. Kenergy's board rejected this site for these reasons. The second and third sites considered were both located on the north side of town. Property owners would not sell property. The fourth site considered was near proposed State Route 641. Excessive excavation work would be required to level the property and access to property would be difficult until opening of the new road in 2015. Site was rejected for these two (2) reasons.

WITNESS: Gerald Ford

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 9) State whether any other building design or size was considered and explain how the selected design and size were chosen.

RESPONSE:

The building size and design came from Kenergy's specifications

to:

- 1) Have covered areas for its service trucks;
- 2) Have sufficient site area for expansion;
- 3) Have sufficient office space for customer service and a meeting room; and
- 4) Have an environmentally friendly and efficient design.

Once these specifications were considered, Tim Skinner, architect, proposed the design that was submitted.

WITNESS: Sanford Novick

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 10) State whether a customer drive-up or drive-through facility was considered in the design of the new building and explain why such a feature was then rejected.

RESPONSE:

A drive-up or drive-through feature was considered and rejected as there is only one CSR to be located at the building and they would be unable to effectively service customer/members inside and handle a customer/member at a drive-up or drive-through window at the same time without turning their back to inside customer/member creating both a service issue and a security issue.

WITNESS: Sanford Novick

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 11) Refer to page 7-1 of the application wherein it was noted that the lack of domestic water pressure is a problem at the existing facility. State whether the lack of pressure is due to the existing facility's plumbing system or inadequate pressure supplied by the local water utility. If the latter, and if the same water utility will serve the new facility, what assurance is there that the problem with water pressure will improve?

RESPONSE:

It is a combination of both the initial under sizing of the original domestic water service that was installed in the 1950's and the local water company which has not up-graded the water service within that portion of Marion, KY. The location for the new facility is on a newer public utility water service that was installed several years ago. The line is 6" dia. with the capacity to provide both potable water and fire suppression water.

WITNESS: Tim Skinner

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 12) Has any provision for backup electric power generation been included in the proposed facility for use during times of inclement weather or other emergencies?

RESPONSE:

Yes. Kenergy already has a generator for the new location. The generator at the present time is located at the existing facility and will be moved to the new facility.

WITNESS: Tim Skinner

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 13) State whether natural gas service is available at the new facility location. If yes, state the type of heating equipment fuel that will be utilized at the new facility.

RESPONSE:

Natural gas is available and will be used for the back-up generator. However, the heating will be by a geothermal system.

WITNESS: Tim Skinner

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 14) Provide the appraised value of the existing facilities.

RESPONSE:

Kenergy does not have a formal appraisal of the existing facility;

however, Kenergy's book value of the site is \$88,000.00.

WITNESS: Gerald Ford

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 15) Provide the planned disposition of the present buildings and property, including any environmental remediation. If sold, will Kenergy apply the proceeds of the sale toward the financing of the new Marion branch office?

RESPONSE:

Kenergy proposes to attempt to sell the present buildings and property. Any environmental remediation, if required, would be part of the sale negotiations. Any proceeds would be applied to the appropriate General Plant Accounts.

WITNESS: Sanford Novick

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 16) Provide the amount of fees paid to date and the amount that will be paid before completion for professional services performed by the architect and engineers.

RESPONSE:

Item 16, page 2 of 2, contains the above referenced information. The additional amount of architect and engineering fees is expected to be \$117,895.05. Legal fees are estimated to be \$5,800.00.

WITNESS: Gerald Ford

KENERGY CORP.
CASE 2011-00196 1ST DATA REQUEST
ITEM 16 - PROFESSIONAL SERVICES
THROUGH JULY 31, 2011

| Line No | Control Number | Vendor Name | Description | Date Paid | Check Number | Dollar Amount | Legal | Architect |
|---------|----------------|------------------------------|------------------------------------|----------------|--------------|------------------|-----------------|------------------|
| 1 | 270487 | Skinner Design Associates | Architectural fees - Marion office | 4/30/10 | 72104 | 2,336.95 | | 2,336.95 |
| 2 | | | | Total Apr 2010 | | 2,336.95 | - | 2,336.95 |
| 3 | | | | | | | | |
| 4 | 277628 | Skinner Design Assoiates | Architectural fees - Marion office | 12/10/10 | 76765 | 8,800.00 | | 8,800.00 |
| 5 | | | | Total Dec 2010 | | 8,800.00 | - | 8,800.00 |
| 6 | | | | | | | | |
| 7 | 278551 | Skinner Design Assoiates | Architectural fees - Marion office | 1/7/11 | 77256 | 7,000.00 | | 7,000.00 |
| 8 | | | | Total Jan 2011 | | 7,000.00 | - | 7,000.00 |
| 9 | | | | | | | | |
| 10 | 279783 | Skinner Design Assoiates | Architectural fees - Marion office | 2/25/11 | 78109 | 12,845.00 | | 12,845.00 |
| 11 | | | | Total Feb | | 12,845.00 | - | 12,845.00 |
| 12 | | | | | | | | |
| 13 | 281195 | Dorsey, King, Gray & Norment | Legal fees - Marion office | 4/15/11 | 78814 | 616.25 | 616.25 | |
| 14 | | | | Total Mar | | 616.25 | 616.25 | - |
| 15 | | | | | | | | |
| 16 | 281818 | Skinner Design Assoiates | Architectural fees - Marion office | 4/29/11 | 79147 | 19,125.00 | | 19,125.00 |
| 17 | 282068 | Dorsey, King, Gray & Norment | Legal fees - Marion office | 5/6/11 | 79203 | 1,100.50 | 1,100.50 | |
| 18 | | | | Total Apr | | 20,225.50 | 1,100.50 | 19,125.00 |
| 19 | | | | | | | | |
| 20 | 282907 | Dorsey, King, Gray & Norment | Legal fees - Marion office | 6/10/11 | 79813 | 2,030.00 | 2,030.00 | |
| 21 | 282426 | Skinner Design Associates | Architectural fees - Marion office | 5/27/11 | 79662 | 16,000.00 | | 16,000.00 |
| 22 | | | | Total May | | 18,030.00 | 2,030.00 | 16,000.00 |
| 23 | | | | | | | | |
| 24 | 283921 | Dorsey, King, Gray & Norment | Legal fees - Marion office | 7/15/11 | 80421 | 1,255.11 | 1,255.11 | |
| 25 | | | | Total Jun | | 1,255.11 | 1,255.11 | - |
| 26 | | | | | | | | |
| 27 | 283908 | Skinner Design Associates | Architectural fees - Marion office | 7/15/11 | 80486 | 16,000.00 | | 16,000.00 |
| 28 | 284646 | Dorsey, King, Gray & Norment | Legal fees - Marion office | 8/5/11 | | 247.86 | 247.86 | |
| 29 | | | | Total Jul | | 16,247.86 | 247.86 | 16,000.00 |
| 30 | | | | | | | | |
| 31 | | | | TOTALS: | | 87,356.67 | 5,249.72 | 82,106.95 |

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 17) State whether the interior partitions are designed to be readily relocated or will be more permanent, such as interior partitions that are load-bearing.

RESPONSE:

The interior partitions are not currently designed to be readily relocated. They are more permanent in nature. While most of the walls are not load-bearing, there will be some load-bearing walls in the office portion of the facility. These walls are primarily located down the center of the office area. There are no interior load bearing walls in the warehouse, garage, or open-air covered areas.

WITNESS: Tim Skinner

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 18) State whether or not the new facility will be located in a flood plain.

RESPONSE:

The new facility is not located in a flood plain.

WITNESS: Tim Skinner

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 19) Provide an analysis of the financial impact to Kenergy as result of
the proposed Marion branch office project.

RESPONSE:

Item 19, page 2 of 2 contains the above referenced information.

WITNESS: Steve Thompson

KENERGY CORP.
CASE NO. 2011-00196 - 1st DATA REQUEST
ITEMS 19 - 21

FINANCIAL IMPACT

| | | | | | |
|----|----------|--|-------------------|-------------------------------|-----|
| 1 | Increase | Utility Plant in Service | \$2,000,000 | | |
| 2 | Decrease | RUS Advance Payments on Debt | | \$ 2,000,000 | |
| 3 | | Explanation: Purchase of new Marion operations center at projected cost | | | |
| 4 | | utilizing the funds in the RUS Cushion of Credit account. | | | |
| 5 | | | | | |
| 6 | Decrease | Utility Plant in Service | | \$ 184,869 | |
| 7 | Decrease | Accumulated Provision for Depreciation | \$ 96,444 | | |
| 8 | Increase | RUS Advance Payments on Debt | \$ 88,425 | | |
| 9 | | Explanation: Sale of existing Marion operations center projected at book | | | |
| 10 | | value. | | | |
| 11 | | | | New | Old |
| 13 | Increase | Utilities Expense | \$ 3,263 | (\$ 15,500 - \$12,237) | |
| 14 | Increase | Cleaning, Waste Disposal & Other | 23,661 | (\$ 48,000 - \$24,339) | |
| 15 | Increase | Taxes | 14,711 | (\$ 16,240 - \$ 1,529) | |
| 16 | Increase | Insurance | 4,565 | (\$ 5,500 - \$ 935) | |
| 17 | Increase | Depreciation | 37,326 | (\$ 40,000 - \$ 2,674) | |
| 18 | Decrease | Interest Income | 95,579 | (\$2,000,000 - \$88,425) x 5% | |
| 19 | Decrease | Margins | <u>\$ 179,105</u> | | |

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21 Explanation:

22 Projected increase in expenses or interest income due to new Marion operations center.

23

RATE IMPACT

25 The projected rate impact in the next general rate application proceeding (excluding power cost and

26 direct serve accounts) forecasted to be filed in 2015 is to change the percent increase from 2.1% to 2.3%.

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 20) Refer to pages 5 and 6 of the application, paragraphs (i) and (j).
Kenergy states in paragraph (i) that cash reserves will be used to finance the new construction. However, paragraph (j) shows an increase in interest expense from \$4,421 to \$100,000 when comparing expenses from the existing facility to the proposed facility. Given that Kenergy is not proposing to borrow money for the new facility, explain the reason for the increase in interest expense.

RESPONSE:

See Item 19, page 2 of 2, line 18. The RUS Cushion of Credit account, which earns 5%, will be decreased by \$1,911,575.00. Therefore, interest income will be decreased \$95,579.00.

WITNESS: Steve Thompson

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**KENERGY CORP.
RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

CASE NO. 2011-00196

Item 21) Provide an analysis of the rate impact of the proposed Marion branch office project.

RESPONSE:

See Item 19, page 2 of 2, lines 25 – 26 for the above referenced information.

WITNESS: Steve Thompson

