

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENERGY CORP. FOR A)	
GENERAL ADJUSTMENT IN EXISTING RATES)	CASE NO. 2000-395
(RATE REDUCTION))	

COMMISSION STAFF'S FIRST SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
KENERGY CORP.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kenergy Corp. ("Kenergy") file the original and 8 copies of the following information with the Commission no later than February 16, 2001, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. At Exhibit 17 of its Amended Application, Kenergy presents the proposed increases in demand and energy charges for two consolidated rate classes. Given

these increases, explain how Kenergy has ensured that customers affected by the following charges will not experience an increase in their total bills for electric service as Mr. Thompson states in his Supplemental Testimony:

a. Tariff Sheet 32, Three-Phase Demand-Commercial, Large Power & Public Buildings Less Than 1,000 KW. For the first 200 KWH per KW, the energy charge increases from \$.046492 to \$.052920; for the next 200 KWH per KW, the energy charge increases from \$.042098 to \$.042320.

b. Sheet No. 33B, Three-Phase Demand-Large Power 1,000 KW and Above. The demand charge increases from \$7.80 to \$8.75 for the first 500 KW and the demand charge for 1,000 KW and above increases from \$4.35 to \$4.57.

c. Sheet No. 33B, Three-Phase Demand-Large Power 1,000 KW and Above. The energy charge increases from \$.0399 to \$.0419 for the first 150 KWH/KW and the energy charge over 150 KWH/KW increases from \$.0367 to \$.0385.

2. Refer to Kenergy's Amended Application, Exhibit 19 and Exhibit 21 at 1.

a. The revenues from special charges and cable attachment fees shown in the public notice are less than the amounts shown on Exhibit 21, page 1. Explain why these amounts differ and state whether the amounts included in the public notice are correct.

b. Explain how the percentage of change was calculated in the notice for the special charges listed. This response should address whether anchor attachments and grounding attachments are included in the calculation for the percentage of change in cable attachment fees.

c. Explain why the percentages of change for meter testing and after-hours fees were omitted from the public notice.

3. a. State when Kenergy decided to increase the existing special charges.

b. Why were the proposed charges not included in Kenergy's original application?

4. Refer to Kenergy's Amended Application, Exhibit 21, at 2 - 3.

a. Provide supporting calculations and a narrative explanation for the derivation of the percentages for "Other Costs Based on Regular Labor Worked" as shown on page 2.

b. Provide supporting calculations and a narrative explanation for the number of hours and the mileage rate included in the derivation of the proposed special charges.

5. Refer to Kenergy's Amended Application, Exhibits 16 - 18.

a. Provide a schedule that cross-references the proposed Kenergy tariffs to the present interim tariffs of Green River Electric Corporation ("Green River") and Henderson Union Electric Cooperative Corporation ("Henderson Union"). This schedule should include a column listing each schedule in the proposed tariffs with a reference to the appropriate section of the existing tariffs of either Green River or Henderson Union.

b. Provide a schedule identifying any provisions of the proposed Kenergy tariffs that are not based on the existing tariffs of either Green River or Henderson Union.

2.

6. Refer to Kenergy's Application, Exhibit 13 ("Cost-of-service Study"). Numerous schedules from page 106 to 232 have amounts recorded in Column E through Column O, with totals shown in Column D "Total Transmission." Explain why the heading for Column D is "Total Transmission" when Kenergy has no transmission facilities.

7. Refer to the Supplemental Direct Testimony of Jack D. Gaines ("Gaines Supplemental Testimony") at 8-9.

a. In Case No. 99-162, the Commission directed that, in its next rate adjustment proceeding, Kenergy should support its proposed rates with a detailed cost-of-service study that "should examine, in detail, the costs of serving direct serve (industrial) customers."¹ The Gaines Supplemental Testimony indicates that no direct costs other than power costs and the Commission's assessment can be directly assigned to this customer class. Is it Kenergy's position that this discussion satisfies the Commission's directive?

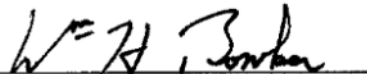
(1) What expenses (e.g., organizational dues), if any, does Kenergy incur that are based on its level of revenues?

(2) For each expense listed above, state whether a portion of those amounts could be assigned to the industrial customer class and explain why.

b. The smelter loads served by Kenergy and its predecessors are served under special contracts that resulted from the restructuring proceedings of Kenergy's wholesale power supplier, Big Rivers Electric Corporation. Identify the extent

¹ Case No. 99-162, The Application of Green River Electric Corporation and Henderson Union Electric Cooperative Corporation for Approval of Rate Decrease for Kenergy Corp., Consolidation Successor (Ky. P.S.C. June 14, 2000) at 12-13.

to which administrative costs, such as management salaries, or legal costs involving outside counsel can be attributed to serving these loads under special contract.


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DATED: February 5, 2001

cc: Parties of Record