

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENERGY CORP.)	CASE NO.
FOR A REDUCTION IN REVENUE AND)	2004-00446
ADJUSTMENT IN EXISTING RATES)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC

Kentucky Industrial Utility Customers, Inc. ("KIUC") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due on April 15, 2005. Each copy of the data 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 person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Direct Testimony of Russell L. Klepper ("Klepper Testimony"), page 4, concerning Mr. Klepper's contention that Kenergy Corp. ("Kenergy") can absorb his proposed \$288,996 revenue reduction.

a. Using the test-year adjusted operating statement, calculate the Times Interest Earned Ratio ("TIER") that would result if revenues from the KIUC members were reduced by \$288,996. Include any supporting calculations, assumptions and workpapers.

b. Explain why KIUC believes the resulting TIER from part (a) is reasonable.

2. Refer to the Klepper Testimony, page 7, lines 18-22 and page 8, lines 1-2.

a. Provide cites for the dollar amounts that are included in the testimony for the annual distribution fees and margins for the Smelters and for the Big Three Industrials.

b. If any of the dollar amounts provided are the results of calculations performed, provide all of the calculations required to reach the stated distribution fees and margins.

3. Refer to the Klepper Testimony, pages 8 and 9. Mr. Klepper proposes a revenue reduction of \$143,396 for the Smelters and a revenue reduction of \$145,600 for the Big Three Industrials.

a. Explain how Mr. Klepper derived the specific decreases proposed for the Smelters and the Big Three Industrials.

b. Explain why the proposed decreases should be accomplished solely through reductions in the energy charge.

4. Refer to the Klepper Testimony, page 13. Mr. Klepper states that Jackson Purchase Electric Cooperative ("Jackson Purchase") provides electric to only direct serve customers while Meade County Rural Electric Cooperative ("Meade") does not provide electric service to any direct serve customers. The argument continues that if the rural customers of Meade and Jackson Purchase can bear the entire amount of

electric service costs, then the rural customers of Kenergy can do the same. Explain why the foundation and conclusion of this premise seem at odds.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED April 1, 2005

cc: All Parties