

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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

Kenergy Corp. ("Kenergy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than 14 days from the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kenergy shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Kenergy fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. 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.

1. According to the 2011 edition of the Kentucky Association of Electric Cooperatives Directory, 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.

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

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.

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.

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.

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).

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

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

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.

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

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.

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?

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?

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.

14. Provide the appraised value of the existing facilities.

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?

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.

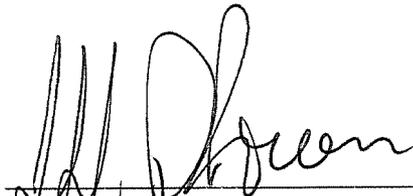
17. State whether the interior partitions are designed to be readily relocated or will be more permanent, such as interior partitions that are load-bearing.

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

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

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.

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



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
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DATED JUL 25 2011

cc: Parties of Record

J. Christopher Hopgood
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