

DORSEY, KING, GRAY, NORMENT & HOPGOOD
ATTORNEYS-AT-LAW

318 SECOND STREET
HENDERSON, KENTUCKY 42420

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FRANK N. KING, JR.
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J. CHRISTOPHER HOPGOOD
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April 11, 2007

RECEIVED

APR 12 2007

**PUBLIC SERVICE
COMMISSION**

Ms. Elizabeth O'Donnell
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Kenergy Corp.
PSC Case 2006-00494

Dear Ms. O'Donnell:

Enclosed for filing please find the original and six (6) copies of Response of Kenergy Corp. to Informal Conference Data Request of Commission Staff.

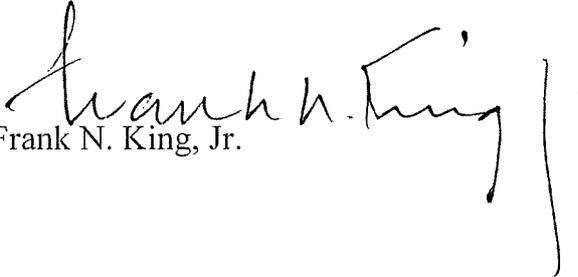
The undersigned hereby certifies that the foregoing has been served on those set forth in the attached Service List by mailing true and correct copies this day.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


Frank N. King, Jr.

FNKJr/cds
Encls.
COPY/w/encls.: Service List

RECEIVED

APR 12 2007

**PUBLIC SERVICE
COMMISSION**

KENERGY CORP.

**RESPONSE
TO MARCH 8, 2007 INFORMAL CONFERENCE
DATA REQUEST OF COMMISSION STAFF**

CASE NO. 2006-00494

April 11, 2007

**KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO INFORMAL CONFERENCE DATA REQUEST OF COMMISSION
STAFF**

CASE NO. 2006-00494

1

2 **Item 1)** Each RECC should provide FORM 300 for the past 5 years to the PSC Staff.

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4 **Response)** The requested forms are attached as Item 1, pages 2 thru 5 of 5. RUS used
5 FORM 300 to review the Kenergy Corp's system twice during the past five years.

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7 **Witness)** Gerald Ford

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Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Agriculture, Clearance Officer, OC, OMB Control # 0572-0025, AG Box 7630, Washington, DC 20250. You are not required to respond to this collection of information unless this form displays the currently valid OMB control number.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE REVIEW RATING SUMMARY	BORROWER DESIGNATION KY 65 DATE PREPARED 10/16/02
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Ratings on form are: 0: Unsatisfactory – No Records 2: Acceptable, but Should be Improved – See Attached Recommendations
 NA: Not Applicable 1: Corrective Action Needed 3: Satisfactory – No Additional Action Required at this Time

PART I. TRANSMISSION and DISTRIBUTION FACILITIES

1. Substations (Transmission and Distribution) (Rating) a. Safety, Clearance, Code Compliance <u>3</u> b. Physical Conditions: Structure, Major Equipment, Appearance <u>2</u> c. Inspection Records Each Substation <u>3</u> d. Oil Spill Prevention <u>3</u> 2. Transmission Lines a. Right-of-Way: Clearing, Erosion, Appearance, Intrusions <u>NA</u> b. Physical Condition: Structure, Conductor, Guying <u>NA</u> c. Inspection Program and Records <u>NA</u> 3. Distribution Lines - Overhead a. Inspection Program and Records <u>3</u> b. Compliance with Safety Codes: Clearances <u>3</u> Foreign Structures <u>2</u> Attachments <u>3</u> c. Observed Physical Condition from Field Checking: Right-of-Way <u>3</u> Other <u>NA</u>	4. Distribution - Underground Cable (Rating) a. Grounding and Corrosion Control <u>3</u> b. Surface Grading, Appearance <u>3</u> c. Riser Pole: Hazards, Guying, Condition <u>3</u> 5. Distribution Line Equipment: Conditions and Records a. Voltage Regulators <u>3</u> b. Sectionalizing Equipment <u>3</u> c. Distribution Transformers <u>3</u> d. Pad Mounted Equipment Safety: Locking, Dead Front, Barriers <u>3</u> Appearance: Settlement, Condition <u>3</u> Other <u>NA</u> e. Kilowatt-hour and Demand Meter Reading and Testing <u>3</u>
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PART II. OPERATIONS and MAINTENANCE

6. Line Maintenance and Work Order Procedures (Rating) a. Work Planning & Scheduling <u>3</u> b. Work Backlogs: Right-of-Way Maintenance <u>3</u> Poles <u>3</u> Retirement of Idle Services <u>3</u> Other <u>NA</u> 7. Service Interruptions a. Average Annual Hours/Consumer by Cause (Complete for each of the previous 5 years)	8. Power Quality (Rating) a. General Freedom from Complaints <u>3</u> 9. Loading and Load Balance a. Distribution Transformer Loading <u>3</u> b. Load Control Apparatus <u>NA</u> c. Substation and Feeder Loading <u>3</u>																																										
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PART III. ENGINEERING

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PART IV. OPERATION AND MAINTENANCE BUDGETS

YEAR	For Previous 2 Years		For Present Year	For Future 3 Years		
	2003	2004	2005	2006	2007	2008
	Actual \$ Thousands	Actual \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands
Normal Operation	\$3,222	\$3,302	\$3,873	\$3,989	\$4,109	\$4,233
Normal Maintenance	\$5,758	\$7,681	\$7,972	\$8,212	\$8,458	\$8,711
Additional (Deferred) Maintenance						
Total	\$8,980	\$10,983	\$11,845	\$12,201	\$12,567	\$12,944

14. Budgeting: Adequacy of Budgets for Needed Work 3 (Rating)

15. Date Discussed with Board of Directors 11/8/2005

EXPLANATORY NOTES

ITEM NO.	COMMENTS
1b.	Minor problems observed: a few weeds inside, rust on fence, trees growing on fence and construction material to be removed.
3b.	Telephone poles left standing next to electric poles need to be removed. The existing contract transfers ownership and responsibility to the telephone company.
3c.	Right-of-way problems were observed in several areas.
6b.	Pole replacement backlog due to other priorities and higher reject rate in 2005.

	TITLE	DATE
RATED BY: <i>[Signature]</i>	VP OPERATIONS and VP ENGINEERING	10/13/2005
REVIEWED BY: <i>[Signature]</i>	PRESIDENT & CEO	10/13/2005
REVIEWED BY: <i>[Signature]</i>	RUS GFR	10/13/2005

**KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO INFORMAL CONFERENCE DATA REQUEST OF COMMISSION
STAFF**

CASE NO. 2006-00494

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Item 2) Each RECC should provide any Corrective Action Plans (CAP) developed within the past 5 years to the PSC staff.

Response) Attached are copies of the Form 740 C as Item 2, pages 2 thru 21 of 21, from the two most recent Construction Work Plans (CWP) that were developed during the past five years. Some of the projects on this list are CAP resulting from reliability issues. Circuit/feeder SAIDI and SAIFI performance are analyzed on a 12-month rolling window and solutions are evaluated for inclusion in future work plans. This process is described in Kenergy's response to Second Data Request of Commission Staff, Case No. 2006-00494, Items 2 and 3.

Witness) Gerald Ford

SECTION A. COST ESTIMATES (Page 1 Continuation Sheet)	BORROWER'S COST ESTIMATES	RUS USE ONLY
200 b. New Tie-Lines (Continued)		
Line Designation	Miles	
<i>Miles</i>	0.00	
<i>Subtotal (transfers to page 1)</i>		\$0
300 c. Conversion and Line Changes (Continued)		
Line Designation	Miles	
312 Convert to 3ph 1/0 ACSR	1.57	\$63,380
313 Extend 1ph #2 ACSR	0.10	2,450
314 Convert to Vph #2 ACSR	0.51	15,684
315 Extend 1ph #2 ACSR	0.38	9,799
316 Convert to 3ph #2 ACSR	3.95	134,830
317 Convert to 3ph #2 ACSR	0.53	18,091
318 Convert to 3ph 1/0 ACSR & extend 1ph #2 ACSR	0.80	59,330
319 Convert to Vph #2 ACSR	0.15	4,659
320 Extend 1ph #2 Al UG	0.10	12,393
321 Convert to 3ph #2 ACSR	2.56	87,383
322 Reconductor with 3ph 336 ACSR	2.40	230,180
323 Convert to 25 kV	26.70	460,266
324 Reconductor with 3ph 336 ACSR	1.37	94,107
325 Reconductor with 3ph 336 ACSR	2.00	137,382
326 Extend 3ph 336 ACSR	0.19	11,425
327 Convert to 3ph 336 ACSR & extend 336 ACSR	2.74	121,150
328 Convert to 3ph #2 ACSR & 1ph 25 kV	3.18	81,924
329 Convert to 25 kV	15.00	251,500
330 Reconductor with 3ph #4/0 ACSR	0.86	43,988
333 Reconductor with double circuit 3ph 336 ACSR	0.80	97,866
344 Convert to Vph #2 ACSR	1.20	59,422
371 Replace UG cable	6.00	599,065
372 Reconductor Cu with #2 ACSR & 4/0	150.00	4,816,119
383 Convert 3ph 336 ACSR	1.30	111,901
386 Extend 3ph 795 ACSR	1.00	209,950
<i>Subtotal (transfers to page 1)</i>	225.39	\$7,734,244

KENTUCKY 65
 Kenergy Corp
 2004-2007 Construction Work Plan

SUBSTATION CHANGES (Code 500)

RUS Code	General Description	2005	2006	2007	Estimated Cost
506	Location: Weaverton Replace existing RTUs	\$26,000			\$26,000
507	Location: Weaverton Oil Spill Containment		\$52,839		\$52,839
508	Location: Marion Replace existing RTUs	\$26,000			\$26,000
503	Location: Hudson Replace existing RTUs	\$10,000			\$10,000
519	Location: Marion Oil spill containment	\$50,000			\$50,000
510	Location: Race Creek Replace existing RTUs	\$26,000			\$26,000
511	Location: Race Creek Oil Spill Containment			\$55,798	\$55,798
513	Location: Little Dixie Upgrade Capacity	\$141,330			\$141,330
522	Location: Accuride Oil spill containment	\$50,000			\$50,000
501	Location: Sullivan Oil spill containment		\$52,839		\$52,839
502	Location: Sacramento Install electronic recloser and switches		\$30,840		\$30,840
523	Location: Tyson Replace Regulator	\$10,000			\$10,000
547	Location: Geneva Replace existing RTUs	\$26,000			\$26,000
512	Location: Zion Oil Spill Containment			\$55,798	\$55,798
500 TOTAL SUBSTATION CHANGES		\$365,330	\$136,518	\$111,596	\$613,444

KY 65 C44

REIMBURSEMENT SCHEDULE

	<u>Work Orders</u>	<u>Special Equipment</u>	<u>Total</u>
August 2004	\$234,197.66	\$138,042.68	\$372,240.34

SECTION A. COST ESTIMATES (cont.)		BORROWER'S COST ESTIMATES	RUS USE ONLY
1400	5. ACQUISITIONS		
	a. _____ Consumers _____ Miles		
	b. _____		
	TOTAL ACQUISITIONS.....	\$0	
1500	6. ALL OTHER		
	a. _____		
	b. _____		
	c. _____		
	d. _____		
	e. _____		
	TOTAL ALL OTHER.....	\$0	

SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING

1. GRAND TOTAL - ALL COSTS		\$27,325,000	
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES			
a. Loan Funds	\$0		
b. Materials and Special Equipment	0		
c. General Funds			
Purpose 1	\$0.00		
Purpose 2			
Purpose 3			
Purpose 4			
Total General Funds Applied	\$0.00		
d. Total Available Funds and Materials		\$0	
3. NEW FINANCING REQUESTED FOR FACILITIES		\$27,325,000	
4. TREASURY RATE LOAN REQUESTED FOR FACILITIES	100%	\$27,325,000	
5. TOTAL SUPPLEMENTAL LOAN REQUESTED	0%		
<i>Name of Supplemental Lender</i>			
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only)			
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES			
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-40, Att. C)*			

* Identify in section A by budget purpose and separate subtotals.

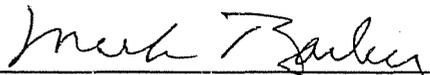
SECTION C. CERTIFICATION

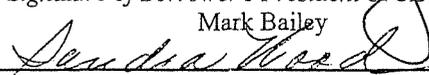
We, the undersigned, certify that:

1. Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.
2. Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.
3. The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with RUS Bulletin 20-2.

10/5/2004
Date

10/5/2004
Date

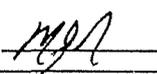


 Signature of Borrower's President & CEO
 Mark Bailey


 Signature of Borrower's Chair
 Sandra Wood

KENERGY CORP
 Corporate Name of Borrower

Item 2
 Page 8 of 21 GFR Initials



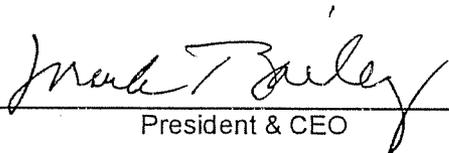
STATEMENT

Statement certifying that at least 90% of the Loan funds are for facilities with a useful life of 33 years or longer as required by 7 CFR 1710.115.

To facilitate the determination of the final maturity for this RUS Loan,
KENERGY CORP
does hereby certify that:

- At least 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer.
- Less than 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer. A schedule has been attached to this statement listing the facilities with an anticipated useful life of less than 33 years, the anticipated useful life of those facilities and the associated cost estimates (see attached).

10/5/2004
Date

Title: 
President & CEO

This data will be used by RUS to review your financial situation. Your response is required (7 USC 901 et seq.) and is not confidential

USDA-RUS

Form Approved
OMB No. 0572-0032

COST ESTIMATES AND LOAN BUDGET
FOR ELECTRIC BORROWERS

BORROWER AND LOAN DESIGNATION

KENTUCKY 65

To: U.S. Dept. of Agriculture, RUS, Washington, D. C. 20250

COST ESTIMATES AS OF: (Month, Year)

May-02

INSTRUCTIONS See EOM-4 Guideline for the Implementation of 7 CFR 1711.1

SECTION A. COST ESTIMATES

LOAN PERIOD 2 YEARS

				BORROWER'S COST ESTIMATES	RUS USE ONLY
1. DISTRIBUTION					
100	a. New Line: (Excluding Tie-Lines)				
	<u>Construction</u>	<u>Consumers</u>	<u>Miles</u>		
101	Underground	753	41.50	\$1,212,450	
102	Overhead	1,887	124.60	3,337,990	
	Total Consumers	2,640	Total Miles		
			166.10		
			Less Contributions	0	
	<i>Subtotal (New Line)</i>			\$4,550,440	
	a.(1) Major Development : (site specific code 100)				
103	Southgate Centre			\$94,700	
104	Turtle Creek & Bon Harbor Subdivisions			52,000	
105				0	
	<i>Subtotal (Major Development)</i>			\$146,700	
	<i>Subtotal All code 100</i>			\$4,697,140	
200	b. New Tie-Lines				
	<u>Line Designation</u>		<u>Miles</u>		
204	Construct 3 ph 500 MCM		0.38	\$49,200	
207	Construct (5) 3ph 500 MCM (Carry-over)		0.47	59,800	
208	Construct dbl-ckt 3 ph 336 ACSR (Carry-over)		1.20	120,500	
215	Construct (2) 3 ph 500 MCM (Carry-over)		0.19	23,900	
216	Construct 3ph 336 ACSR (Carry-over)		2.30	140,800	
203	Construct (4) 3ph 500 MCM		0.61	77,500	
	<i>Subtotal from page 1A</i>		Miles 0.25	32,500	
	<i>Subtotal (Includes subtotals from pages 1A)</i>		Miles 5.40	\$504,200	
300	c. Conversion and Line Changes				
	<u>Line Designation</u>		<u>Miles</u>		
308	Reconductor with single & dbl-ckt 3ph 336 ACSR (Carry-over)		2.50	\$164,600	
380	Convert to 3ph # 1/0ACSR (Carry-over)		1.00	37,700	
309	Convert to 3ph # 1/0ACSR (Carry-over)		3.02	113,800	
304	Convert to 3ph #2ACSR		2.05	67,100	
316	Convert to dbl-ckt 3ph 336 ACSR (Carry-over)		1.80	143,900	
385	Extend exit feeder with 336 ACSR (Carry-over)		1.60	98,000	
302	Convert to 3ph # 1/0ACSR		1.91	74,000	
319	Convert to 3ph 336 ACSR (Carry-over)		2.05	112,400	
318	Convert to 3ph # 1/0 ACSR & extend with 1ph #2 ACSR		1.18	39,600	
386	Extend with 3ph 795 ACSR		1.00	123,500	
	<i>Subtotal from page 1A and 1B</i>		Miles 222.63	5,931,500	
	<i>Subtotal (Includes subtotals from pages 1A)</i>		Miles 240.74	\$6,906,100	
400	d. New Substations, Switching Stations, Metering Points, etc.				
	<u>Station Designation</u>	<u>kVA</u>	<u>kV to kV</u>		
410	Providence	10,000	69-24.9 kV	\$792,300	
412	Adams Lane	10,000	69-12.5 kV	959,200	
420	Install Fiber Loop			1,150,000	
				0	
				0	
				0	
	<i>Subtotal</i>			\$2,901,500	

SECTION A. COST ESTIMATES (cont.)

BORROWER'S
COST ESTIMATES

RUS USE ONLY

500 e. Substation, Switching Station, Metering Point Changes

Station Designation

Description of Changes

537 Dixon	Replace transformers with (1) 3ph 10/12/14 MVA	\$128,600
535 Dixon	Replace RTUs	13,700
536 Little Dixie	Replace RTUs	13,700
534 Lyon Co	Replace RTUs	13,700
538 Morganfield	Replace transformers with (1) 3ph 10/12/14 MVA	458,200
514 South Hanson	Install (1) oil circuit recloser	27,400
515 South Owensboro	Install (1) oil circuit recloser	27,400
502 Weberstown	Relocate (3) 1ph transformers from Dixon	129,200

Subtotal \$811,900

600 f. Miscellaneous Distribution Equipment

601 (1) Transformers and Meters

Construction

Transformers

Meters

Total 2,231 \$1,593,566 3,622 \$295,220

\$1,888,786

0

Subtotal code 601 ... (included in total of all 600 codes below) \$1,888,786

602 (2) Sets of Service Wires to increase Capacity	331 Services	501,652
603 (3) Sectionalizing Equipment		417,600
604 (4) Regulators	5 Regulators	144,500
605 (5) Capacitors	8 Capacitor Banks	30,100
606 (6) Ordinary Replacements and Clearance	1,096 Poles	2,012,195
607 (7) Step Transformers	6 Step Transformers	52,700
(8)		0
(9)		0
(10)		0
(11)		0

Subtotal ALL 600 codes \$5,047,533

700 g. Other Distribution Items

701 (1) Engineering Fees		\$0
702 (2) Security Lights	905 Lights	486,475
703 (3) Reimbursement of General Funds (see attached)		0
704 (4)		0

Subtotal \$486,475

TOTAL DISTRIBUTION \$21,354,848

800 2. Transmission

a. New Line

<u>Line Designation</u>	<u>Voltage</u>	<u>Wire Size</u>	<u>Miles</u>	
801				\$0
802				0
803				0
804				0
805				0
806				0
807				0
808				0
809				0
810				0

Total Miles 0.00

Subtotal \$0

Item 2

SECTION A. COST ESTIMATES (cont.)			BORROWER'S COST ESTIMATES	RUS USE ONLY
900	b. New Substation, Switching Station, etc.			
	<u>Station Designation</u>	<u>kVA</u>	<u>kV TO kV</u>	
901	_____	_____	_____	\$0
902	_____	_____	_____	0
903	_____	_____	_____	0
904	_____	_____	_____	0
905	_____	_____	_____	0
906	_____	_____	_____	0
907	_____	_____	_____	0
908	_____	_____	_____	0
	<i>Subtotal</i>			\$0
1000	c. Line and Station Changes			
	<u>Line/Station Designation</u>	<u>Description of Changes</u>		
1001	_____	_____		\$0
1002	_____	_____		0
1003	_____	_____		0
1004	_____	_____		0
1005	_____	_____		0
1006	_____	_____		0
1007	_____	_____		0
1008	_____	_____		0
1009	_____	_____		0
	<i>Subtotal</i>			\$0
1100	d. Other Transmission Items			
1101	(1) R/W Procurement	_____		\$0
1102	(2) Engineering Fees	_____		0
1103	(3) Reimbursement of General Funds (see schedule)	_____		0
1104	(4) _____	_____		0
	<i>Subtotal</i>			\$0
	TOTAL TRANSMISSION.....			\$0
1200	3. GENERATION (including Step-up Station at Plant)			
1201	a Fuel _____	Nameplate Rating _____	_____ kW	\$0
1202	b. _____			0
	TOTAL GENERATION.....			\$0
1300	4. HEADQUARTERS FACILITIES			
1301	a. New or additional Facilities	(Attach RUS Form 740g) _____		\$0
1302	b. _____			0
	TOTAL HEADQUARTERS FACILITIES.....			\$0

SECTION A. COST ESTIMATES (cont.)		BORROWER'S COST ESTIMATES	RUS USE ONLY
1400	5. ACQUISITIONS		
1401	a. _____ Consumers _____ Miles	\$0	
1402	b. _____	0	
TOTAL ACQUISITIONS.		\$0	
1500	6. ALL OTHER		
1501	a. _____	\$0	
1502	b. _____	0	
1503	c. _____	0	
1504	d. _____	0	
1505	e. _____	0	
TOTAL ALL OTHER.		\$0	

SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING

1. GRAND TOTAL - ALL COSTS		\$21,354,848	
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES			
a. Loan Funds	\$0		
b. Materials and Special Equipment	0		
c. General Funds			
Purpose 1	\$0		
Purpose 2	\$0		
Purpose 3	\$0		
Purpose 4	\$0		
Total General Funds Applied	\$0		
d. Total Available Funds and Materials		\$0	
3. NEW FINANCING REQUESTED FOR FACILITIES		\$21,354,848	
4. RUS LOAN REQUESTED FOR FACILITIES	100%	\$21,354,000	
5. TOTAL SUPPLEMENTAL LOAN REQUESTED		\$848	
<i>Name of Supplemental Lender</i>			
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only) ..	0%	\$0	
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES	0%	\$848	
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-40, Att. C)*		\$0	

* Identify in section A by budget purpose and separate subtotals.

SECTION C. CERTIFICATION

We, the undersigned, certify that:

- Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.
- Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.
- The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with RUS Bulletin 20-2.

Date

Signature of Borrower's Manager

Date

Signature of Borrower's President

Kenergy Corp

Corporate Name of Borrower

GFR Initials _____

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 2002-2004 Construction Work Plan

NEW CONSTRUCTION (Code 100)

RUS Code	General Description	Number	Miles	2002-2003	2003-2004	Estimated Cost
101	New Underground Lines	753	41.5	\$598,899	\$613,551	\$1,212,450
102	New Overhead Lines	1,887	124.6	\$1,650,004	\$1,687,986	\$3,337,990
103	Southgats Centre	12	0.8	\$94,700	\$0	\$94,700
104	Turtle Creek & Bon Harbor Subdivisions	50	0.6	\$52,000	\$0	\$52,000
100	TOTAL NEW CONSTRUCTION	2,702	167.5	\$2,395,603	\$2,301,537	\$4,697,140

TIE LINES (Code 200)

RUS Code	General Description	Number	Miles	2002-2003	2003-2004	Estimated Cost
204	Adams Lane Circuit 1-4 Location: Adams Lane Substation Construct (4) UG get-a-way circuits with 3-ph 500 MCM Al, 25 kV		0.38	\$0	\$49,200	\$49,200
207 (Carry-over)	East Owensboro Circuit 1-5 Location: East Owensboro Substation Construct (5) UG get-a-way circuits with 3-ph 500 MCM Al, 12 kV		0.47	\$59,800	\$0	\$59,800
208 (Carry-over)	Circuit 1 & 2 Location: Construct double-circuit 3-ph 336 ACSR		1.20	\$120,500	\$0	\$120,500
215 (Carry-over)	Philpot #2 Circuit 2 & 5 Location: Philpot Substation Construct (2) UG get-a-way circuits with 3-ph 500 MCM Al, 12 kV		0.19	\$23,900	\$0	\$23,900
216 (Carry-over)	Circuit 2 Location: Construct 3-ph 336 ACSR		2.30	\$140,800	\$0	\$140,800
203	Providence Circuit 1-4 Location: Construct (4) get-a-way circuits with 3-ph 500 MCM Al, 25 kV		0.61	\$0	\$77,500	\$77,500
221	South Hanson Circuit 6 Location: Construct (1) get-a-way circuits with 3-ph 500 MCM Al, 25 kV		0.25	\$0	\$32,500	\$32,500
200	TOTAL TIE LINES		5.40	\$345,000	\$159,200	\$504,200

DISTRIBUTION LINE CONVERSIONS (Code 300)

RUS Code	General Description	Miles	2002-2003	2003-2004	Estimated Cost
308 (Carry-over)	Beda Circuit 4 Location: Reconductor with double-ckt 3-ph 336 ACSR and reconductor with 3-ph 336 ACSR	1.00 1.50	\$164,600	\$0	\$164,600
380 (Carry-over)	Circuit 1 Location: Convert 1-ph to 3-ph #1/0 ACSR	1.00	\$37,700	\$0	\$37,700
309 (Carry-over)	Centertown Circuit 3 Location: Convert 1-ph to 3-ph #1/0 ACSR	3.02	\$113,800	\$0	\$113,800
304	Crossroads Circuit 1 Location: Hwy 293 at Needmore Convert 1-ph to 3-ph #2 ACSR	2.05	\$0	\$67,100	\$67,100

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DISTRIBUTION LINE CONVERSIONS (Code 300)

RUS Code	General Description	Miles	2002-2003	2003-2004	Estimated Cost
	East Owensboro Circuit 1 & 2				
316 (Carry-over)	Location: Convert 1-ph to double-circuit 3-ph 336 ACSR	1.80	\$143,900	\$0	\$143,900
	Circuit 4				
385 (Carry-over)	Location: Extend exit feeder with 3-ph 336 ACSR	1.60	\$98,000	\$0	\$98,000
	Guffie Circuit 1				
302	Location: Convert 1-ph to 3-ph #1/0 ACSR	1.91	\$0	\$74,000	\$74,000
	Hanson Circuit 4				
319 (Carry-over)	Location: Convert 1-ph to 3-ph 336 ACSR	2.05	\$112,400	\$0	\$112,400
	Hawesville Circuit 3				
318	Location: Convert 1-ph to 3-ph # 1/0 ACSR and extend with 1-ph #2 ACSR	0.90 0.28	\$0	\$39,600	\$39,600
	Horse Fork Circuit 3				
386	Location: Extend with 3-ph 795 ACSR	1.00	\$0	\$123,500	\$123,500
	Little Dixie Circuit 2				
322	Location: Powell Tapp Road Reconductor to 3-ph 336 ACSR	2.40	\$0	\$135,400	\$135,400
	Maceo Circuit 3				
325 (Carry-over)	Location: Convert 1-ph to 3-ph 336 ACSR	1.50	\$123,400	\$0	\$123,400
	Marion Circuit 1				
303	Location: Hwy 654, Weston Area Convert 1-ph to 3-ph #1/0 ACSR	2.40	\$0	\$93,000	\$93,000
	Niagara Circuit 2				
305	Location: South Pleasant Valley Road Convert 1-ph to 3-ph #2 ACSR	0.59	\$0	\$19,300	\$19,300
	Nuckols Circuit 3				
329 (Carry-over)	Location: Convert 1-ph to 3-ph 336 ACSR	2.43	\$133,300	\$0	\$133,300
	Onton Circuit 1				
327	Location: Hwy 138, Slaughters Convert 1-ph to 3-ph 336 ACSR and extend with 3-ph 336 ACSR	3.50 0.73	\$0	\$243,600	\$243,600
	Circuit 2				
306	Location: Hwy 41, South of Sebree Convert 1-ph to 3-ph 336 ACSR and convert 1-ph to 3-ph #1/0 ACSR	1.42 1.16	\$0	\$125,100	\$125,100

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DISTRIBUTION LINE CONVERSIONS (Code 300)

RUS Code	General Description	Miles	2002-2003	2003-2004	Estimated Cost
Philpot					
Circuit 1					
330 (Carry-over)	Location: Knottsville-Hawesville Road Convert 1-ph to 3-ph #1/0 ACSR	1.29	\$48,600	\$0	\$48,600
320	Location: Monarch Road Convert 1-ph to 3-ph #1/0 ACSR	1.22	\$0	\$47,200	\$47,200
301	Location: Cedar Hills Extend with 3-ph #2 15kV AL UG	0.14	\$0	\$8,200	\$8,200
Circuit 2					
331 (Carry-over)	Location: Convert 1-ph to 3-ph 336 ACSR	3.40	\$186,500	\$0	\$186,500
Circuit 3					
312	Location: Luther Taylor Road Convert 1-ph to 3-ph #1/0 ACSR	1.62	\$0	\$62,800	\$62,800
Circuit 5					
317	Location: Extend with 3-ph 336 ACSR	2.48	\$0	\$156,200	\$156,200
Pleasant Ridge					
- Circuit 4					
307	Location: Hwy 764, Pleasant Ridge Convert 1-ph to V-ph #2 ACSR	1.76	\$0	\$52,800	\$52,800
Providence					
Circuit 2 & 3					
387	Location: Reconductor with double-ckt 336 kmil ACSR	0.28	\$0	\$23,700	\$23,700
Circuit 3					
335 (Carry-over)	Location: Providence Circuit 25 kV Conversion Convert to 25 kV	5.02	\$48,300	\$0	\$48,300
Sacramento					
Circuit 1					
337 (Carry-over)	Location: Convert 1-ph to 3-ph 336 ACSR	2.80	\$153,600	\$0	\$153,600
South Dermont					
Circuit 3					
377 (Carry-over)	Location: Newbolt Road Extend with 1-ph #4/0 ACSR	0.42	\$17,400	\$0	\$17,400
South Hanson					
Circuit 1					
310	Location: Slaughter Lake Road Convert 1-ph to 3-ph 336 ACSR and convert 1-ph to 3-ph #1/0 ACSR	0.42 1.53	\$0	\$83,000	\$83,000
311	Location: Hwy 260 near Stagecoach Road Convert 1-ph to 3-ph #1/0 ACSR	0.58	\$0	\$22,400	\$22,400
Circuit 6					
389 (Carry-over)	Location: Compton Road Reconductor with double-ckt 3-ph 336 ACSR and reconductor with 3-ph 336 ACSR	1.20 1.10	\$159,000	\$0	\$159,000
South Owensboro					
Circuit 7					
383 (Carry-over)	Location: Construct 3-ph 336 ACSR	2.60	\$159,200	\$0	\$159,200
384 (Carry-over)	Location: Construct 3-ph 500 MCM Al 15kV	0.30	\$37,900	\$0	\$37,900
Sullivan					
Circuit 3					
344 (Carry-over)	Location: Sharon Acres Convert 1-ph to V-ph #2 ACSR	1.95	\$56,800	\$0	\$56,800

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DISTRIBUTION LINE CONVERSIONS (Code 300)

RUS Code	General Description	Miles	2002-2003	2003-2004	Estimated Cost
	Thruston Circuit 2				
375 (Carry-over)	Location: Wrights Landing Road Convert 1-ph to 3-ph #1/0 ACSR	1.95	\$73,400	\$0	\$73,400
	Tyson Circuit 6				
347 (Carry-over)	Location: Convert to 25 kV	9.00	\$77,700	\$0	\$77,700
	Weaverton Circuit 2				
323	Location: Cairo Area Convert 1-ph to V-ph #2 ACSR	0.21	\$0	\$6,300	\$6,300
313	Location: Turnagain Lane Convert 1-ph to V-ph #1/0 ACSR	0.36	\$0	\$12,300	\$12,300
	Weberstown Circuit 1				
379 (Carry-over)	Location: Hwy 144 Convert 1-ph to 3-ph #1/0 ACSR	5.06	\$190,600	\$0	\$190,600
	Circuit 3				
374 (Carry-over)	Location: Pelville-Lyonia Road Convert 1-ph to 3-ph #1/0 ACSR and extend with 1-ph #1/0 ACSR	0.63 0.21	\$28,800	\$0	\$28,800
	West Owensboro Circuit 4				
349 (Carry-over)	Location: Alvey Road Convert 1-ph to 3-ph #1/0 ACSR	2.46	\$92,700	\$0	\$92,700
	Whitesville Circuit 1				
350 (Carry-over)	Location: Crisp Road Convert 1-ph to 3-ph #1/0 ACSR	1.46	\$55,000	\$0	\$55,000
	Circuit 4				
375 (Carry-over)	Location: Oklahoma-Laffoon Road Convert 1-ph to 3-ph #1/0 ACSR	2.58	\$97,200	\$0	\$97,200
	Wolf Hills Circuit 3				
314	Location: Reconductor with 3-ph 336 ACSR	0.47	\$0	\$26,500	\$26,500
	System-Wide				
371	UG Cable Replacement Replace vintage XLP cable	2.00	\$56,600	\$58,200	\$114,800
372	OH Copper Replacement Reconductor 1-ph and 3-ph copper conductor with #2 ACSR	150.00	\$1,458,600	\$1,500,900	\$2,959,500
300 TOTAL DISTRIBUTION LINE CHANGES		240.74	\$3,925,000	\$2,981,100	\$6,906,100

NEW SUBSTATIONS (Code 400)

RUS Code	General Description	2002-2003	2003-2004	Estimated Cost
410	Location: Providence Construct with (1) 3-ph, 69-24.9 kV, 10.0MVA/14.4 MVA	\$792,300	\$0	\$792,300
412	Location: Adams Lane Construct with (1) 3-ph, 69-12.5 kV, 10.0MVA/14.4 MVA	\$0	\$959,200	\$959,200
420	Location: System-Wide Install Fiber Loop	\$1,150,000	\$0	\$1,150,000
400 TOTAL NEW SUBSTATIONS		\$1,942,300	\$959,200	\$2,901,500

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SUBSTATION CHANGES (Code 500)

RUS Code	General Description	2002-2003	2003-2004	Estimated Cost
537	Location: Dixon Replace existing xfmrs with (1) 3-ph 69-12.5 kV, 10.0/12.5/14.4 MVA	\$128,600	\$0	\$128,600
535	Location: Dixon Replace existing RTUs	\$13,700	\$0	\$13,700
536	Location: Little Dixie Replace existing RTUs	\$13,700	\$0	\$13,700
534	Location: Lyon County Replace existing RTUs	\$13,700	\$0	\$13,700
538	Location: Morganfield Replace existing xfmrs with (1) 3-ph 69-12.5kV 10.0/12.5/14.4 MVA	\$458,200	\$0	\$458,200
514	Location: South Hanson Install (1) oil circuit recloser and associated switches for a new feeder	\$27,400	\$0	\$27,400
515	Location: South Owensboro Install (1) oil circuit recloser and associated switches for a new feeder	\$27,400	\$0	\$27,400
502	Location: Weberstown Relocate xfmrs from Dixon	\$129,200	\$0	\$129,200
500 TOTAL SUBSTATION CHANGES		\$811,900	\$0	\$811,900

MISCELLANEOUS DISTRIBUTION ITEMS (Code 600)

RUS Code	General Description	Number	2002-2003	2003-2004	Estimated Cost
601	TRANSFORMERS FOR NEW MEMBERS				
	1-phase	2,211	\$701,800	\$728,816	\$1,430,616
	3-phase	20	\$80,310	\$82,640	\$162,950
	COST OF TRANSFORMERS	2,231	\$782,110	\$811,456	\$1,593,566
601	METERS FOR NEW MEMBERS	3,622	\$144,160	\$151,060	\$295,220
601	TOTAL TRANSFORMERS & METERS		\$926,270	\$962,516	\$1,888,786
602	SERVICE UPGRADES FOR EXISTING MEMBERS	331	\$246,510	\$255,142	\$501,652
603	SECTIONALIZING EQUIPMENT		\$205,800	\$211,800	\$417,600
604	LINE REGULATORS	5	\$144,500	\$0	\$144,500
	Little Dixie Circuit 3				
604-4	Location: Install (3) 1-ph 100 Amp Reg.		\$31,800	\$0	\$31,800
	Marion Circuit 3				
604-5	Location: Relocate to the load section 3799		\$6,900	\$0	\$6,900
	Niagara Circuit 1				
604-3	Location: Install (3) 1-ph 150 Amp		\$37,000	\$0	\$37,000
	Philpot #2 - Feeder 2 Circuit 1				
604-2	Location: Install (3) 1-ph 100 Amp		\$31,800	\$0	\$31,800
	South Hanson - Feeder 5 Circuit 5				
604-1	Location: Install (3) 1-ph 150 Amp		\$37,000	\$0	\$37,000

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MISCELLANEOUS DISTRIBUTION ITEMS (Code 600)

RUS Code	General Description	Number	2002-2003	2003-2004	Estimated Cost
605	CAPACITOR BANKS	8	\$14,800	\$15,300	\$30,100
606	POLES				
	Pole Replacements	1,005	\$923,000	\$959,500	\$1,882,500
	Pole Clearance	91	\$63,225	\$66,470	\$129,695
	COST OF POLES	1,096	\$986,225	\$1,025,970	\$2,012,195
607	STEP TRANSFORMERS	6	\$52,700	\$0	\$52,700
	Morganfield				
	Circuit 2				
607-5	Location: Relocate (3) 1667kVA step transformers		\$6,900	\$0	\$6,900
607-5	Circuit 3				
	Location: Relocate (3) 1000kVA step transformers		\$6,900	\$0	\$6,900
	Providence				
	Circuit 1				
607-1	Location: Install (3) 1000kVA step transformers		\$23,900	\$0	\$23,900
	Circuit 2				
607-2	Location: Remove (3) 100kVA step transformers		\$2,700	\$0	\$2,700
607-3	Circuit 3				
	Location: Temporarily relocate (3) 1000kVA step transformers		\$9,600	\$0	\$9,600
	Tyson				
	Circuit 6				
607-4	Location: Remove (3) 333kVA step transformers		\$2,700	\$0	\$2,700
600 TOTAL MSC. DISTRIBUTION ITEMS			\$2,576,805	\$2,470,728	\$5,047,533

OTHER DISTRIBUTION ITEMS (Code 700)

RUS Code	General Description	Number	2002-2003	2003-2004	Estimated Cost
701	SECURITY LIGHTS	905	\$238,500	\$247,975	\$486,475
700 TOTAL OTHER DISTRIBUTION ITEMS			\$238,500	\$247,975	\$486,475

TOTAL (740c)			\$12,235,108	\$9,119,740	\$21,354,848
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**KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO INFORMAL CONFERENCE DATA REQUEST OF COMMISSION
STAFF**

CASE NO. 2006-00494

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Item 3) Each RECC should provide a copy of RUS Form7, Part G for the past 5 years to the PSC staff.

Response) The requested forms are attached as Item 3, pages 2 thru 6 of 6.

Witness) Gerald Ford

FINANCIAL AND STATISTICAL REPORT

KY0065

12/2002

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	149,359,181	13,146,607	1,599,626	0	160,906,162
General Plant	11,829,540	1,618,046	1,062,384	0	12,385,202
Headquarters Plant	6,811,053	94,425	0	0	6,905,478
Intangibles	18,590	5,765	0	0	24,355
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	168,018,364	14,864,843	2,662,010	0	180,221,197
Construction Work in Progress	6,601,616	(2,778,854)			3,822,762
TOTAL UTILITY PLANT (7 + 8)	174,619,980	12,085,989	2,662,010	0	184,043,959

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	1,636,078	2,601,345	161,628	2,819,272	17,685	6,230	1,568,324
2. Other	28,617	280,348	0	0	261,822	0	47,143

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause	TOTAL			
	Power Supplier (a)	Extreme Storm (b)	Prearranged (c)	All Other (d)	(e)
1. Present Year	0.12	1.00	0.11	2.65	3.88
2. Five-Year Average	0.28	0.45	0.08	2.40	3.21

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	166
2. Employee - Hours Worked - Regular Time	363,042
3. Employee - Hours Worked - Overtime	29,451
4. Payroll - Expensed	5,680,557
5. Payroll - Capitalized	3,064,686
6. Payroll - Other	307,245

FINANCIAL AND STATISTICAL REPORT

KY0065

PERIOD ENDED

12/2003

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	160,906,162	10,916,901	1,461,546	0	170,361,517
General Plant	12,385,202	661,777	626,330	0	12,420,649
Headquarters Plant	6,905,478	0	62,978	0	6,842,500
Intangibles	24,355	0	0	(5,000)	19,355
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	180,221,197	11,578,678	2,150,854	(5,000)	189,644,021
Construction Work in Progress	3,822,762	(37,163)			3,785,599
TOTAL UTILITY PLANT (7 + 8)	184,043,959	11,541,515	2,150,854	(5,000)	193,429,620

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	1,568,324	2,528,411	280,153	2,697,076	15,756	(23,638)	1,640,418
2. Other	47,143	154,828	0	2,655	132,218	0	67,098

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	0.12	0.02	0.03	3.29	3.46
2. Five-Year Average	0.20	0.37	0.08	2.57	3.22

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	164
2. Employee - Hours Worked - Regular Time	354,162
3. Employee - Hours Worked - Overtime	30,491
4. Payroll - Expensed	5,858,444
5. Payroll - Capitalized	3,061,389
6. Payroll - Other	452,342

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	170,361,517	10,819,656	2,302,717	0	178,878,456
General Plant	12,420,649	1,054,076	564,353	0	12,910,372
Headquarters Plant	6,842,500	191,904	0	0	7,034,404
Intangibles	19,355	0	0	0	19,355
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	189,644,021	12,065,636	2,867,070	0	198,842,587
Construction Work in Progress	3,785,599	(647,899)			3,137,700
TOTAL UTILITY PLANT (7 + 8)	193,429,620	11,417,737	2,867,070	0	201,980,287

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	1,640,418	2,335,839	72,016	2,317,235	27,887	8,718	1,711,869
2. Other	67,098	88,721	0	1,121	108,084	0	46,614

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	0.63	0.01	0.01	9.98	10.63
2. Five-Year Average	0.29	0.31	0.05	4.13	4.78

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	166
2. Employee - Hours Worked - Regular Time	362,496
3. Employee - Hours Worked - Overtime	40,424
4. Payroll - Expensed	6,663,798
5. Payroll - Capitalized	3,103,194
6. Payroll - Other	549,263

USDA-RUS
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

KY0065

PERIOD ENDED

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	178,878,456	9,540,545	1,538,379	(2,391,774)	184,488,848
General Plant	12,910,372	1,556,987	274,363	0	14,192,996
Headquarters Plant	7,034,404	530,208	72,203	0	7,492,409
Intangibles	19,355	0	0	0	19,355
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	198,842,587	11,627,740	1,884,945	(2,391,774)	206,193,608
Construction Work in Progress	3,137,700	(228,129)			2,909,571
TOTAL UTILITY PLANT (7 + 8)	201,980,287	11,399,611	1,884,945	(2,391,774)	209,103,179

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	1,711,869	2,303,001	147,630	2,359,244	91,629	(5,814)	1,705,813
2. Other	46,614	121,820	54	27,523	97,317	(2,324)	41,324

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	0.07	0.00	0.01	2.60	2.68
2. Five-Year Average	0.25	0.21	0.04	4.12	4.62

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	161
2. Employee - Hours Worked - Regular Time	350,861
3. Employee - Hours Worked - Overtime	34,395
4. Payroll - Expensed	6,881,560
5. Payroll - Capitalized	2,837,794
6. Payroll - Other	501,841

USDA - RUS		BORROWER DESIGNATION					
FINANCIAL AND STATISTICAL REPORT		KY0065					
INSTRUCTIONS - See RUS Bulletin 1717B-2		PERIOD ENDED					
		December, 2006					
PART E. CHANGES IN UTILITY PLANT							
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)		
1. Distribution Plant	184,488,848	11,015,092	1,440,706		194,063,234		
2. General Plant	14,192,996	757,366	1,827,474		13,122,888		
3. Headquarters Plant	7,492,409	240,341		(220,926)	7,511,824		
4. Intangibles	19,355				19,355		
5. Transmission Plant	0				0		
6. All Other Utility Plant	0				0		
7. Total Utility Plant in Service (1 thru 6)	206,193,608	12,012,799	3,268,180	(220,926)	214,717,301		
8. Construction Work in Progress	2,909,571	100,482			3,010,053		
9. TOTAL UTILITY PLANT (7 + 8)	209,103,179	12,113,281	3,268,180	(220,926)	217,727,354		
PART F. MATERIALS AND SUPPLIES							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	1,705,813	2,103,777	296,788	2,524,333	205,850	(7,340)	1,368,855
2. Other	41,324	178,873		37,874	153,774		28,549
PART G. SERVICE INTERRUPTIONS							
ITEM	AVERAGE HOURS PER CONSUMER BY CAUSE				TOTAL (e)		
	POWER SUPPLIER (a)	EXTREME STORM (b)	PREARRANGED (c)	ALL OTHER (d)			
1. Present Year		1.00	6.00	0.00	4.00	11.00	
2. Five-Year Average		0.00	2.00	0.00	4.00	6.00	
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	156	4. Payroll - Expensed	6,832,811				
2. Employee - Hours Worked - Regular Time	331,425	5. Payroll - Capitalized	3,458,902				
3. Employee - Hours Worked - Overtime	39,166	6. Payroll - Other	121,572				
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)				
1. Capital Credits - Distributions	a. General Retirements	760,420	22,257,195				
	b. Special Retirements	126,432	3,749,532				
	c. Total Retirements (a + b)	886,852	26,006,727				
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power						
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	14,807					
	c. Total Cash Received (a + b)	14,807					
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. AMOUNT DUE OVER 60 DAYS	\$ 322,347	2. AMOUNT WRITTEN OFF DURING YEAR	\$ 194,231				

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Item 4) See Handout No. 1 which reflects several types of tree pruning. Regardless of whether or not the Commission sets any tree trimming standards, should Through or V pruning, Side pruning, Under pruning, or Topping be allowed?

Response) While removal of all trees within the utility easement is preferable, the directional pruning techniques illustrated as 1. Through or V Pruning, 2. Side Pruning, and 3. Under Pruning, in Handout No. 1 allow the trees to be “trained” to grow away from the power lines resulting in improvements to system reliability. Additionally, tree experts suggest that this type of pruning results in healthier trees than when using the historically accepted practice of rounding or topping of trees and reduces tree pruning expense because it reduces the volume of material that is pruned.

Witness) Doug Hoyt

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Item 5) If the utility does not own the property over which its distribution lines are located, what are the utility's legal rights as far as access to the property, and ability to trim trees?

Response) Rights to place and maintain power lines are normally obtained through the execution of an easement. Additionally, applications for service and cooperative membership cards contain provisions that permit the cooperative to maintain its electric facilities. Occasionally, situations arise where no legal documentation exists that specifically allow for the maintenance of a power line on private property, most specifically for the pruning of trees. In those instances, it becomes incumbent upon the utility to work with the property owner to resolve the issues before any other legal avenues are explored. In some instances a utility may be able to establish that it has obtained easement rights through adverse possession.

Witness) Doug Hoyt

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Item 6) Provide the system wide SAIDI and SAIFI targets that are set each year for the past 5 years as noted in Kenergy's response to Item No. 2 of Staff's Second Data Request in this case.

Response) Kenergy did not establish SAIDI and SAIFI targets prior to 2005. The targets set since that time are listed below.

2005	SAIDI – 3.00 Hours	SAIFI – 2.4
2006	SAIDI – 2.8 Hours	SAIFI – 2.2
2007	SAIDI – 2.8 Hours	SAIFI – 2.2

Witness) Gerald Ford

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Item 7) Reliability reporting requirement

a. Is it appropriate for the Public Service Commission to require regular reporting of reliability information from all distribution utilities?

b. Should the PSC develop standardized criteria for recording and reporting reliability information?

c. Is it appropriate for the Commission to require reporting at a level smaller than the entire system (i.e. by substation or circuit)?

d. Are there any concerns about sharing this information within the industry or with the public?

Response a) Yes. Kenergy regularly reports reliability information via RUS Form 7, Part G. This form is also filed with the Kentucky Public Service Commission annually.

Response b) No. Each utility system is unique; thus, it will be difficult to compare systems across the state. Terrain differs from mountains in the East to river bottom areas in the far western part of the state. Urban and rural systems are affected differently during adverse weather conditions due to system construction specifications. In addition, each utility has uniquely designed their system to meet their particular customers' needs, e.g. some have redundant feeder and station capacity while others do not. Any recommendation from the PSC should point to a national standard. RUS 1730-1 and IEEE 1366 are examples.

Response c) No. Comparing the whole system to its past history is the best approach. Each system could then drill down and make its own analysis of each circuit.

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2 **Response d)** Kenergy has no concerns with sharing this information with the public.

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4 **Witness)** Gerald Ford

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2 **Item 8)** Reliability performance standard

3 a. Please comment on the appropriateness of a reliability performance
4 standard. An example of a performance standard is found in the RUS requirement of no more
5 than five hours outage for the average customer for any reason, and no more than one hour
6 caused by power supply.

7 b. Is it more appropriate to develop performance standards on a utility by
8 utility basis or a circuit by circuit basis? What is the most appropriate level for applying
9 performance standard requirements?

10 c. Comment on an appropriate requirement to respond to attainment of a
11 performance standard, or in the alternative explain why a response to non-attainment is not
12 necessary.

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14 **Response a)** No. Kenergy does not believe it is appropriate for a “one-size-fits-all” standard
15 to be adopted. Each utility system is different and should be benchmarked to its own past
16 performance. Customer count per mile, urban vs. rural construction, number of substations,
17 and length of circuit makes each utility unique. RUS monitors reliability performance through
18 RUS Bulletin 1730-1. Specifically, each system is rated for a five-year period by RUS Form
19 300, Part II. OPERATIONS and MAINTENANCE, Item 7. Service Interruptions, a. See RUS
20 Form 300 forms for the past five years in Item 1, pages 2 of 5 and 4 of 5.

21 **Response b)** If the PSC determines that standards must be developed, it should be done on a
22 utility by utility basis. In addition, the standard should be flexible enough to accommodate the

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variations that naturally occur in weather/storm patterns from year-to-year. Reliability performance standards for each utility should be based on system wide basis. Individual circuits are so diverse that monitoring each individual circuit would require a method of normalizing each circuit. Again, RUS Bulletin 1730-1 as described in Response a) gives performance guidelines. IEEE 1366 indices guidelines are also used.

Response c) When a cooperative falls below established guidelines, RUS Field Representatives recommend Corrective Action Plans (CAP) which are included in future work plans. The RUS and IEEE 1366 indices guidelines for monitoring reliability have proven to be successful in the past.

Witness) Gerald Ford

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Item 9) Right-of-Way (ROW management)

- a. Please provide comments regarding the appropriateness of a PSC defined ROW management minimum standard.
- b. If such a standard were created, to what level of detail should it be defined?
- c. Does a PSC requirement give the utility any advantage when performing ROW maintenance?
- d. Are there disadvantages?

Response a) It would be appropriate for the PSC to encourage use of best right-of-way management practices by utilities, such as directional pruning. However, due to the fact that circumstances vary widely among utilities with respect to vegetation management issues (terrain, easements, urban vs. rural, etc.), it does not seem appropriate for the PSC to establish a defined set of standards applicable to all jurisdictional utilities.

Response b) Any guidance the PSC gives should be in the form of encouraging the use of best management practices. Care should be taken not to become so specific or detailed as to risk unnecessarily causing costs to run above those necessary to achieve the desired results.

Response c) The advantage that a PSC mandated right-of-way standard would provide might be to serve as an excuse for utilities. Utilities typically use ROW maintenance practices that are best suited for their particular system. Occasionally, even the best intentions are not enough and the utility and customer do not agree on the best approach to pruning their trees. In

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2 these instances, if a PSC ROW standard existed, the utility could deflect responsibility for the
3 decision to the PSC.

4 **Response d)** Kenergy and its predecessors have been operating for 70 years. Over that time,
5 the approach to obtaining the privilege to use private land for the placement and maintenance
6 of power lines has experienced many variations. In the early days of the cooperative,
7 customers would often grant permission, sometimes only with a handshake, for the utility to
8 use a portion of their land to build facilities, primarily because they wanted and needed electric
9 power. Today, it is more difficult to obtain that permission and sometimes comes with a cost.
10 In the case of a “handshake” deal from years ago where the property has now changed hands,
11 legal documentation (easement) may not exist or the easement may not specifically define the
12 right-of-way width or the width may not be sufficient for proper maintenance. In any of these
13 circumstances, a PSC minimum standard which mandates minimum clearances may result in
14 property rights legal challenges for the cooperative that did not previously exist. The
15 disadvantages would be the time and expense and ill will associated with these challenges, as
16 well as potential awards granted to property owners, along with the fact that reliability
17 problems may linger or worsen for individuals served down the line during the time of the legal
18 challenge.

19
20 **Witness:** Doug Hoyt