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June 1, 2011

FEDEX

Mr. Jeff DeRouen
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

JUN 02 2011

PUBLIC SERVICE
COMMISSION

Re: Kenergy Corp.
Marion, Ky., office
Application for Certificate of Convenience
and Necessity

Dear Mr. DeRouen:

Enclosed for filing please find the original and 10 copies of Application of Kenergy Corp. for A Certificate of Convenience and Necessity.

Also enclosed are three (3) sets of the maps submitted with the application (i.e. route map, site plan and floor plan).

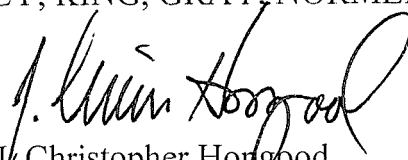
Please confirm that this meets filing requirements and provide the undersigned with the case number.

Thank you for your assistance in this matter

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood
Counsel for Kenergy Corp.

JCH/cds
Encls.
COPY/w/encls.: Kenergy Corp.

RECEIVED

JUN 02 2011

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

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

APPLICATION

(a) Kenergy Corp. (“Kenergy”) is a nonprofit electric cooperative organized under KRS Chapter 279 and is engaged in the business of distributing retail electric power to member consumers in the Kentucky counties of Daviess, Hancock, Henderson, Hopkins, McLean, Muhlenberg, Ohio, Webster, Breckinridge, Union, Crittenden, Caldwell, Lyon, and Livingston. This Application is submitted pursuant to KRS 278.020 and 807 KAR 5:001(9).

(b) The post office address of Kenergy is Post Office Box 18, Henderson, Kentucky 42419-018.

(c) Kenergy’s Articles of Consolidation are on file with the Commission in Case No. 99-136.

(d) Kenergy requests that it be granted a certificate of public convenience and necessity to replace its existing branch office at Marion, Kentucky, with a newly constructed office building and service center. Kenergy proposes to construct a new 24,644 square feet (covered space) branch office (office space is

5,844 square feet of the total) and service building in Marion at an estimated cost of \$2,000,000.00 with a 10% contingency. In addition to the office space the new site will contain a warehouse area, a garage area, a pole yard, a transformer storage area and covered area.

(e) Kenergy relies upon the following facts to show that the proposed new construction is or will be required by public convenience or necessity:

(i) Marion branch office was installed in 1954 and has been expanded since. According to the attached testimony of Gerald Ford, Vice President of Operations, the statistics for the Marion Service Center are as follows:

- Expended 10,581 man hours performing various system operating tasks such as storm restoration, cut-offs, line inspections, voltage checks and related matters;
- Processed 132 new services;
- Conducted 181 pole changes;
- Processed 3,529 job orders;
- Performed 1 system improvement construction work order;
- Performed 1 conductor change out;

Furthermore, one employee is primarily responsible for customer service in the Marion office and that employee's statistics for 2010 are as follows:

- fielded 3,720 phone calls;
- served 893 walk-in customers;

- processed 949 meter orders;
- handled 3,334 adjustments;
- received 10,591 payments and readings at the office;
- received 16,744 mail and night deposit readings and payments;

Also, the Marion office has 15 employees and is over 50 miles from the Henderson and Hanson Kenergy offices, being the nearest offices. Approximately 9,434 customers and 1,322 miles of line are served by the Marion office, and the presence of the Marion office ensures that no Kenergy customer is more than approximately 40 miles from a Kenergy office. Finally, and most importantly, the presence of the Kenergy office enables a much more rapid response to system/customer problems than if the office did not exist. Accordingly, in evaluating what to do with the current office, elimination of it, rather than repairing or replacing it was not considered an acceptable alternative.

(ii) The present structure has suffered water penetration and as a result has mold problems, contains asbestos and is not ADA accessible. The site has storm water issues. Additionally it is in the city limits and there is no room for expansion of the site. See Exhibit A to testimony of Architect Tim Skinner,

(iii) The proposed building will meet all current applicable building codes and will be constructed of non-hazardous materials. The proposed structure

is a LEED (Leadership in Environmental Efficiency Design) designed structure.

See testimony of Architect Tim Skinner attached hereto.

(g) Franchises are not required for the proposed construction. Building permits will be secured in the normal course of business.

(h) The existing Marion branch office is located at 703 S. Main Street/Highway 641, Marion, Kentucky, on a 100 x 520 foot parcel that was acquired from O.J. Rice, et ux by deed dated October 31, 1953 and recorded in Deed Book 83, page 471, Crittenden County Clerk's Office; and from Robert Qualls by deed dated November 2, 1953, of record in Deed Book 83, page 475, Crittenden County Clerk's Office by deed from Esley White, et al dated January 26, 1981, of record in Deed Book 137, page 197, in the Crittenden County Clerk's Office; and by Commissioner's Deed dated February 1, 1982, of record in Deed Book 138, page 163 in the Crittenden County Clerk's Office.

The new Marion branch office will be located at a new 7.46 acre site for which Kenergy has an option from Kenneth Geary and Shana Geary (husband and wife), said option being dated August 4, 2010, and recorded in Deed Book 216, page 301, said Clerk's Office. A map showing the current location and the proposed location is attached hereto. Attached to Tim Skinner's testimony as "site plan" and as "Exhibit B, page 2" is a site plan for this structure. A floor plan is also attached to his testimony as "floor plan" and as Exhibit B, page 3. There are no like facilities owned by others located anywhere

within the mapped area. The proposed new construction will not compete with any other public utilities, corporations or persons.

(i) Kenergy will expend general funds from cash reserves to finance this new construction. The condition of the current Marion, Kentucky, office necessitates increased capital expenditures by Kenergy and as a result will be a component of potential future rate increases. However, based upon the analysis of Architect Tim Skinner, the proposed construction as sought in this Application is estimated to have less of an impact on rates than razing and reconstructing the existing office and service center.

(j) The estimated cost of operation after the proposed facilities are completed is as follows:

Marion:	Size: 60.8' X 96' (5,844 sq. ft.) – office Size: 156 x 80 (12,440 sq. ft.) – heated garage area
Original cost:	\$2,000,000.00 plus \$25,000 to \$30,000 for furnishings
Utilities:	\$ 15,500/year
Cleaning, Waste Disposal & other	
Maintenance:	\$ 48,000/year
Taxes:	\$ 16,240/year
Insurance:	\$ 5,500/year
Depreciation:	\$ 40,000/year
Interest:	\$ 100,000/year

By comparison, the cost of the existing facility without correcting the identified deficiencies is as follows:

Office size:	2,790 square feet (no garage or covered area)
Original cost:	\$245,904.12
Utilities:	\$ 12,236.92/year
Cleaning, Waste Disposal & other	
Maintenance:	\$ 24,339.08/year

Taxes: \$ 1,529.26/year
Insurance: \$ 934.84/year
Depreciation: \$ 2,674.32/year
Interest: \$ 4,421.22/year

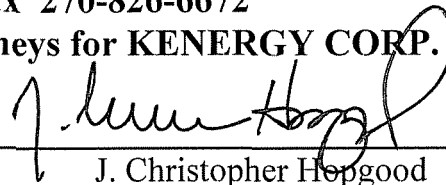
WHEREFORE Kenergy asks that the Public Service Commission of the Commonwealth of Kentucky make its order issuing a certificate of convenience and necessity authorizing the application to proceed with the construction of new branch office in Marion, Kentucky, and the applicant further requests all proper relief.

Dated at Henderson, Kentucky, this 1st day of June,

2011.

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

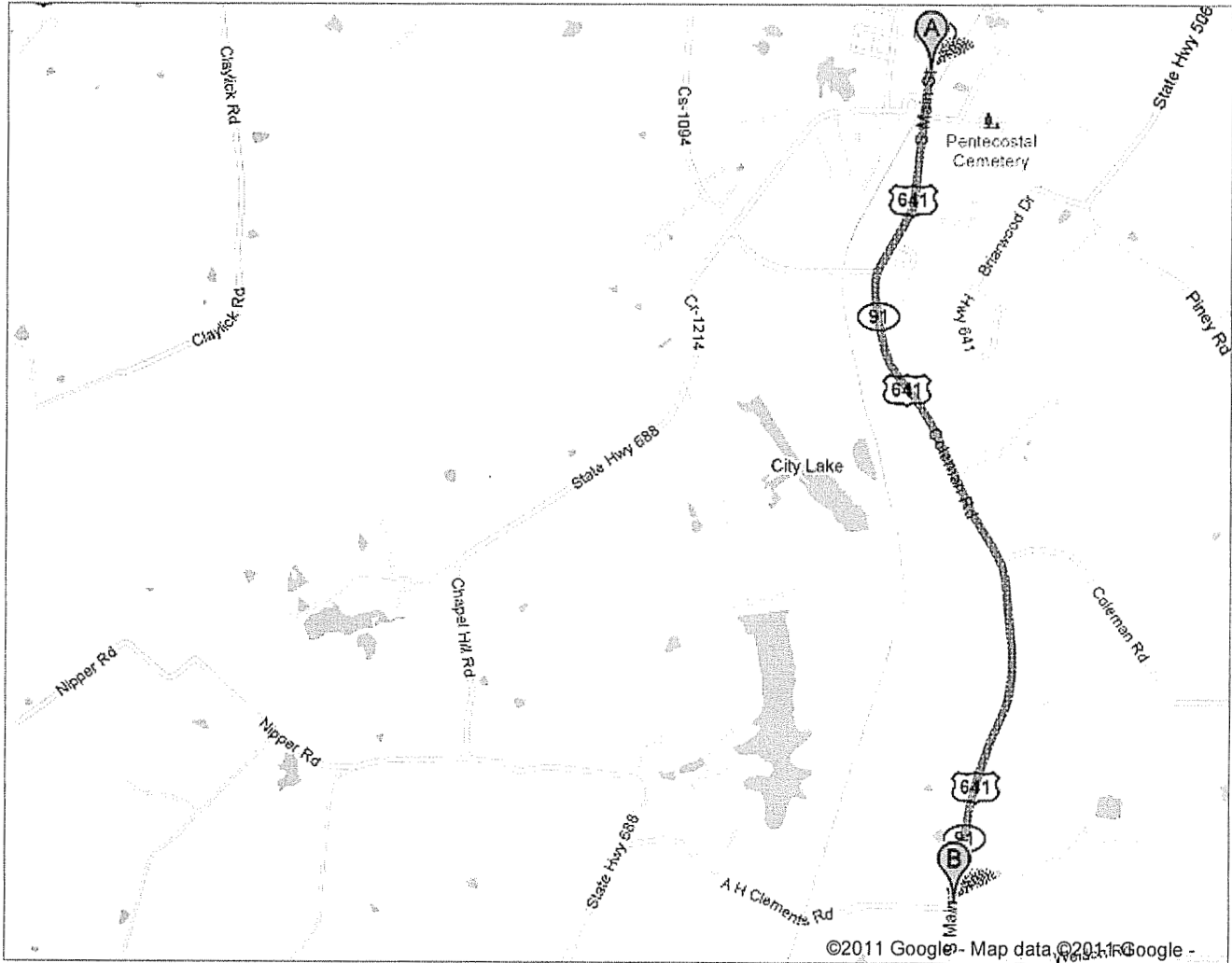
By



J. Christopher Hopgood



To see all the details that are visible on the screen, use the "Print" link next to the map.



A = current location of Kenergy Marion Office/Service Center at 703 S. Main Street, Marion, Kentucky

B = proposed location of Kenergy Marion Office/Service Center at intersection of Hwy. 641 and A.H. Clements Road, Marion, Kentucky

1 Q5. Explain the importance of the Marion, Kentucky, office to the Kenergy system.

2 A. Kenergy's southern service area reaches to near Kuttawa, Kentucky, close to Lake
3 Barkley. This is over 80 miles from the Henderson and Hanson offices which would be
4 the next closest offices. The presence of a Marion, Kentucky, office allows much more
5 rapid response to customer service than if the office did not exist. The following
6 statistics apply to the Marion Office and Service Center as a whole for 2010:

- 7 • expended 10,581 man hours performing various system operating tasks such as
- 8 storm restoration, cut-offs, line inspections, voltage checks and related matters;
- 9 • processed 132 new services
- 10 • conducted 181 pole changes
- 11 • processed 3,529 job orders
- 12 • performed 1 system improvement construction work order
- 13 • performed 1 conductor change out

14 Further, although other employees deal with customers from time to time, statistics are
15 maintained for the one employee at the Marion office who dealt with customers in
16 2010:

- 17 • fielded 3,720 phone calls;
- 18 • served 893 walk-in customers;
- 19 • processed 949 meter orders;
- 20 • handled 3,334 adjustments;

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Subscribed, sworn to and acknowledged before me by GERALD FORD

this 24 day of May, 2011.

My commission expires April 24, 2014 #416488

Jammy D. Montgomery
Notary Public, State of Kentucky at Large

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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

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

TESTIMONY OF TIM SKINNER

Q1. Please state your name, business address and occupation.

A. Tim Skinner, Skinner Design Architecture, 505 First Street, P.O. Box 438,
Henderson, Kentucky 42419. I am an architect.

Q2. What is your educational background?

A. I graduated with a Bachelor of Architecture degree from the University of
Kentucky in 1980. I became a LEED Accredited Professional in 2009.

Q3. What is your work experience?

A. I received my license to practice architecture in the Commonwealth of Kentucky
in 1983. I have since become licensed to practice in seven other states. I have been
the architect of record for a variety of projects, including governmental buildings,
major religious facilities, museums, educational and recreational complexes,
libraries, medical and financial institutions and corporate office headquarters. I am
a member of the American Institute of Architects (AIA), the National Council of

1 Architectural Registration Boards (NCARB), and the U.S. Green Building Council
2 (USGBC).

3 Q4. Have you previously submitted testimony before the Kentucky Public Service
4 Commission?

5 A. No. I have not previously submitted testimony.

6 Q5. Have you performed an analysis of the condition of the current Kenergy Marion,
7 Kentucky office and whether it is viable to refurbish that office?

8 A. Yes.

9 Q6. Describe the current condition of the Kenergy Marion, Kentucky office and
10 whether it is worthwhile to refurbish the office?

11 A. The current office site is on a sloped lot which causes storm water problems to the
12 surrounding areas. Further, most of the work areas are on different elevations
13 which makes work operations more difficult. Movement of the service vehicles is
14 tight and most service vehicles must be stored outside and exposed to inclement
15 weather. This causes delays in workers having to clear their vehicles in snowy
16 and icy weather and also is a safety hazard. Storage inefficiencies exist for
17 transformers and equipment.

18 The office building dates to 1954. The finish floor elevation is lower than the
19 adjacent highway and the current parking lot slopes toward the building. Water
20 penetrates the building during rainy weather through the walls, roof system and
21 under doorways. Excavation will be necessary to determine the full extent of

1 damage this has caused. In addition, the building currently contains mold and
2 mildew. The building is not currently compliant with the Americans with
3 Disabilities Act. Also, according to inspections by A&G Engineering,
4 professional engineer, the HVAC system is not up to Code and the plumbing and
5 electrical systems are inadequate.

6 Q7. Have you summarized this in a Report?

7 A. Yes, it is attached to this testimony as Exhibit A to my testimony.

8 Q8. Do you recommend that Kenergy develop a new office building and service
9 center?

10 A. Yes. Many of the current inadequacies with the existing facility cannot be
11 addressed by renovation. It would be more cost effective to raze the existing
12 building and start new. Renovating the existing building would come at extensive
13 cost and any renovated building would still be faced with the site elevation and
14 drainage problems.

15 Q9. Have your prepared plans and specifications for a new facility?

16 A. Yes. Kenergy has located a 7.46 acre site that is much more suitable as a site than
17 the existing site. I propose that Kenergy construct an office and service center
18 consisting of 24,644 square feet of covered space, including a 5,844 square foot
19 office. The balance of the covered space, 18,800 square feet, consists of a
20 materials warehouse, an open air covered garage and an enclosed, heated garage
21 and shop. This building would be designed to meet LEED (Leadership in Energy

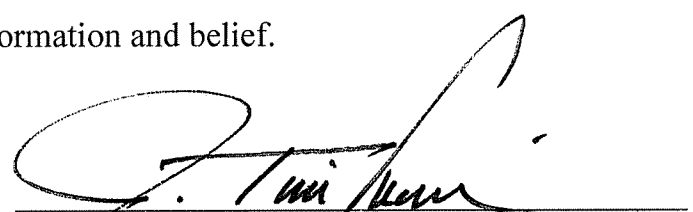
1 and Environmental Design) building standards. The estimated cost of the building
2 is \$2,000,000, with \$25,000 to \$30,000 estimated for furnishings. Attached to my
3 testimony as Exhibit B to my testimony are drawings of the service center and a
4 print-out of a power point presentation providing details of the building which will
5 be state of the art and up to all applicable Codes.

6 Q7. Does this conclude your testimony?

7 A. Yes.

8 **VERIFICATION**

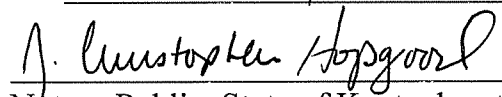
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10 I, TIM SKINNER, hereby verify that the statements contained in foregoing
11 are true and correct to the best of my information and belief.

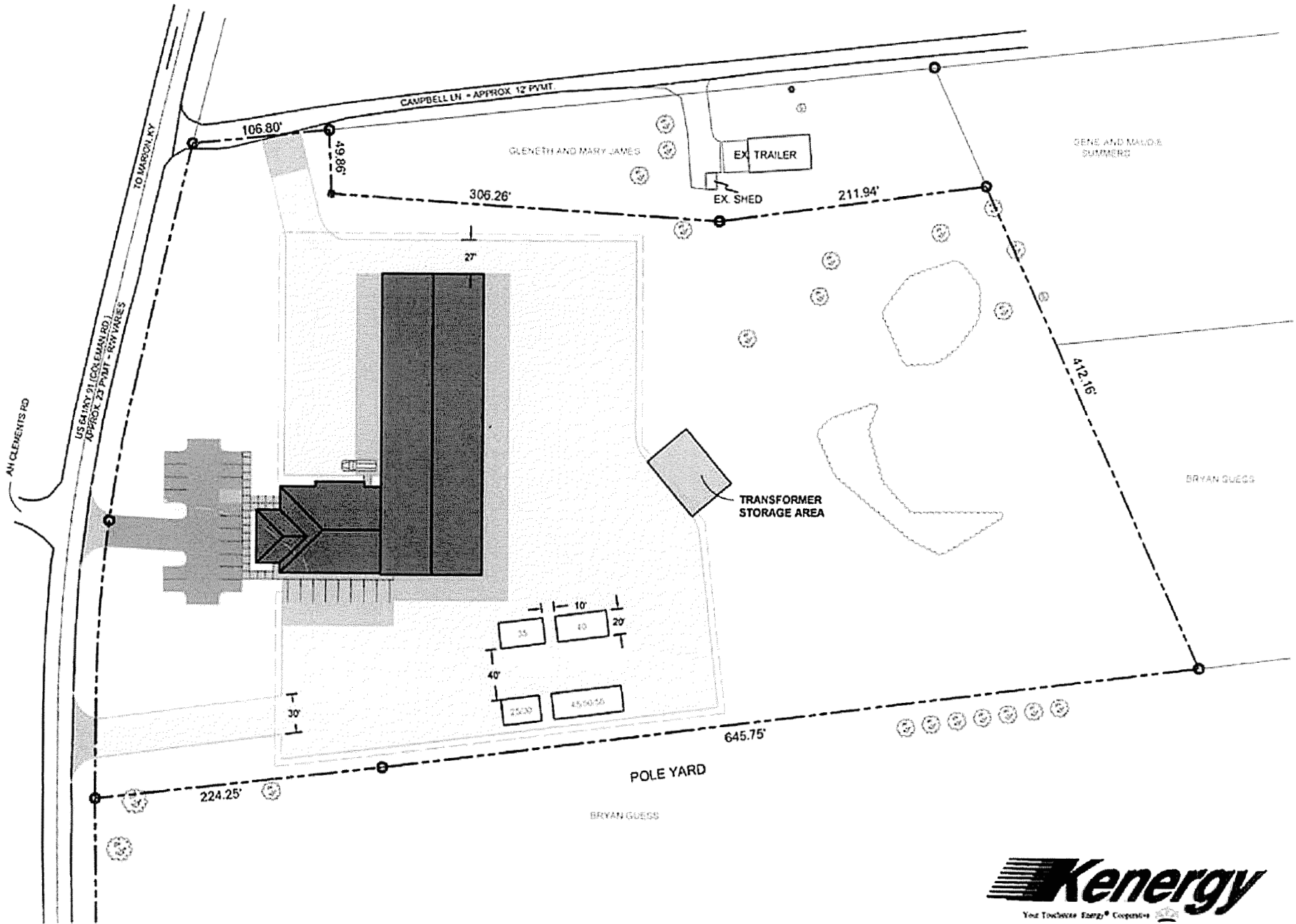
12
13 
14 _____
15 TIM SKINNER
16

17 STATE OF KENTUCKY
18
19 COUNTY OF Henderson
20

21 Subscribed, sworn to and acknowledged before me by TIM SKINNER this
22 31st day of may, 2011.

23 My commission expires 5-3-2014

24 
25 _____
26 Notary Public, State of Kentucky at Large

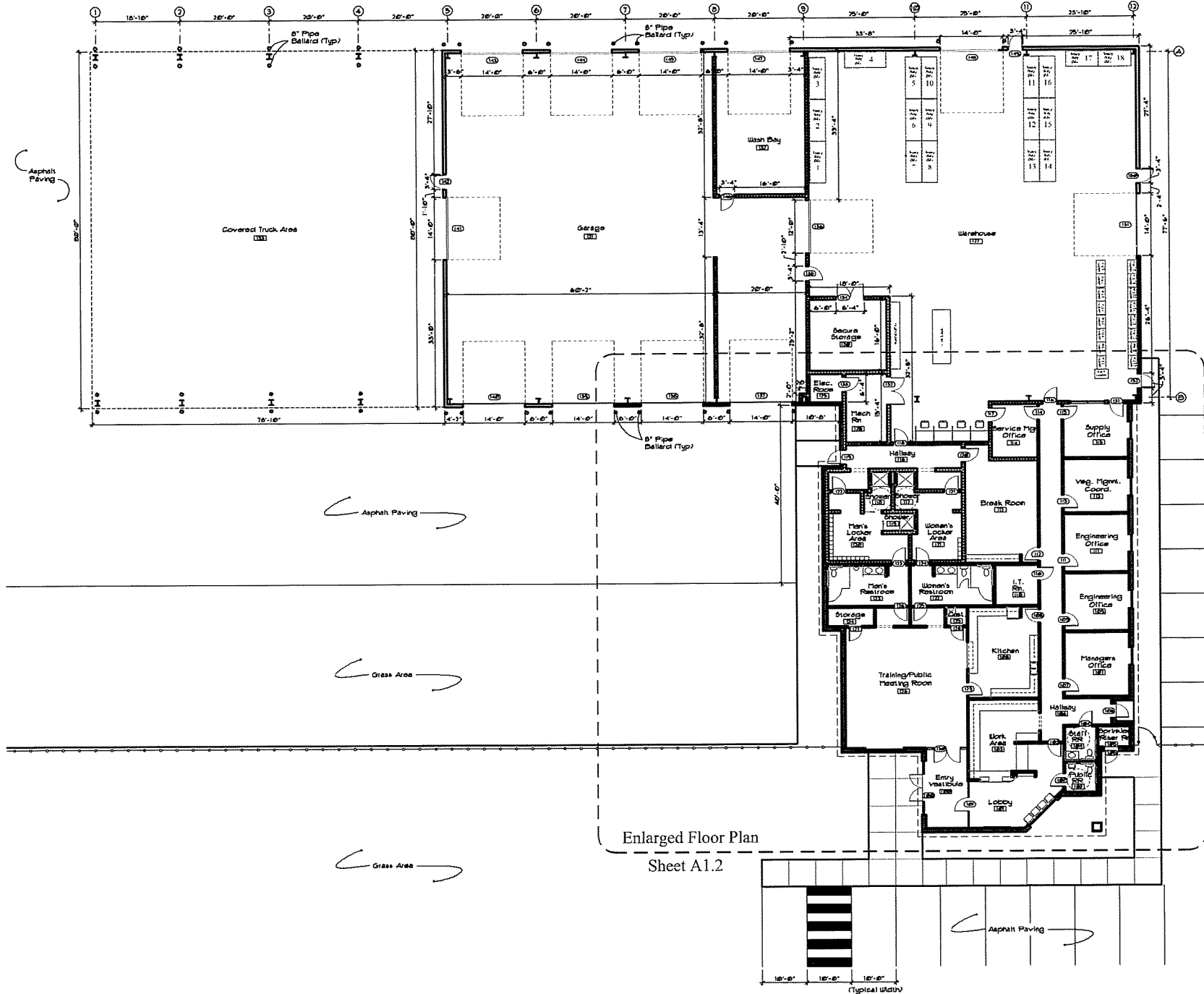


New Office/Service Facility

US Hwy 641
Marion, Kentucky



FLOOR PLAN



Enlarged Floor Plan
Sheet A1.2



DESIGN PROFESSIONAL
DATE

UNWEIGHTED PHOTOGRAPHY
SKINNER DESIGN ASSOCIATES
ARCHITECTURE
THIS ARCHITECTURAL DRAWING IS THE PROPERTY OF SKINNER DESIGN ASSOCIATES ARCHITECTURE. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREON. NO PART OF THIS DRAWING IS TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF SKINNER DESIGN ASSOCIATES ARCHITECTURE.

UNWEIGHTED PHOTOGRAPHY



Kenergy
Corp

New Office/Service
Facility

US Hwy 641
Marion, Kentucky

Floor Plan



SCALE
1/8" = 1'-0"

DATE
March 2011

SHEET NO.
A 1.1

**INSPECTION
OF
EXISTING OFFICE / SERVICE FACILITY
KENERGY CORP
MARION, KENTUCKY
703 S. Main Street**

**ARCHITECTURAL
STRUCTURAL
MECHANICAL
PLUMBING
ELECTRICAL SYSTEMS**

 **SKINNER
DESIGN
ASSOCIATES**
ARCHITECTURE

P.O. Box 438 / 505 First Street
Henderson, KY 42419-0438

A & G
Engineering

6455 Summit Drive
Owensboro, KY 42303

SKINNER EXHIBIT A

INDEX

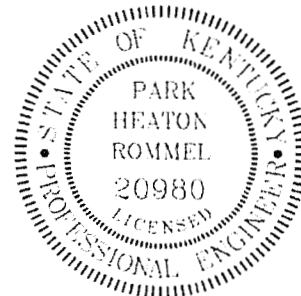
1-0	SCOPE OF STUDY	1-1
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4-0	ADA ACCESSIBILITY	4-1
5-0	SERVICE BUILDINGS	5-1
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1.0 SCOPE OF STUDY

The current Office / Service Facility is located at 703 S. Main Street, Marion, Kentucky. It is situated within the city limits of Marion and is surrounded by a residential district. This facility is used for customer billing/payment, forward utility maintenance operations center and utility maintenance depot for the Marion service area. Skinner Design Associates Architecture along with A&G Engineering was retained to do an inspection of the existing Kenergy Corp Office / Service Facility in Marion, Kentucky to determine the following:

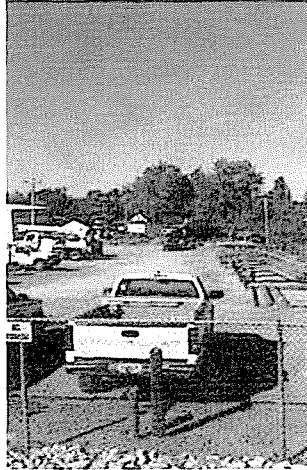
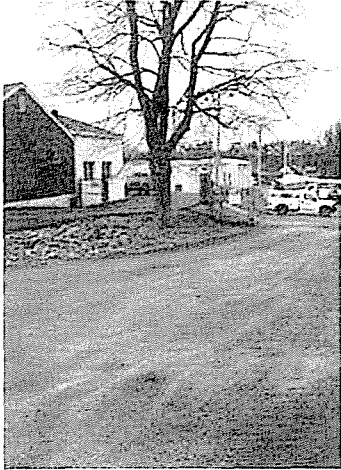
- Inspect and document the existing condition of the architectural and structural systems of the facility as to its' present condition and compliance with current Kentucky Building Code and American with Disabilities Act (ADA) requirements.
- Inspect and document the existing condition of the mechanical system (HVAC, ventilation and exhaust systems) of the facility as to its' present condition and compliance with current Kentucky Building Code requirements.
- Inspect and document the existing condition of the plumbing system of the facility as to its' present condition and compliance with current Kentucky Building Code requirements.
- Inspect and document the existing condition of the electrical system of the facility as to its' present condition and compliance with current Kentucky Building Code requirements.

The inspection report follows:



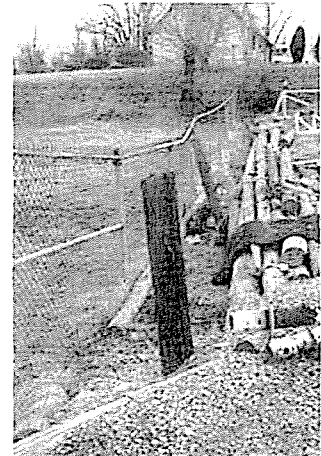
2.0 SITE CONDITIONS

The Marion facility consist of three (3) separate building structures, a pole storage yard, transformer storage areas and associated vehicle parking areas. The entire site is enclosed with chain-link fencing. The site slopes severely from 703 S. Main Street (Main Entry) down to



Moore Avenue (along the rear of the property). This change in elevation causes problems in storm water site drainage onto adjacent properties. With the current site area restrictions, any improvement in material or equipment storage (ex: paved areas or new storage buildings)

would only exacerbate the storm water drainage conditions. Within the boundaries of the property, most of the various service areas of the facility area are on different elevations, making efficient work operations difficult. Movement of service vehicles is tight and most service vehicles must be stored outside, without cover in inclement weather. This lack of cover for the service vehicles necessitates that field technicians remove snow and ice from truck mounted equipment before they begin service runs. This becomes a

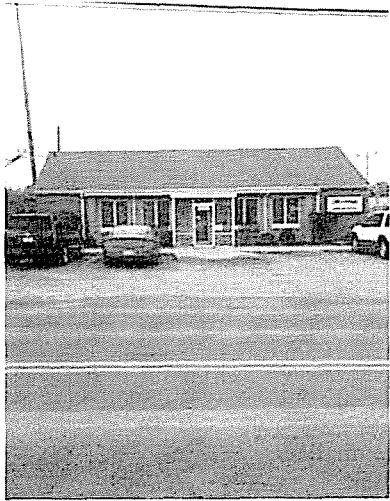


constant safety hazard as well as the inefficient use of service

time. This also increases the wear on equipment leading to earlier replacement times. Exterior storage areas for transformers and other service materials are separated due to the lack of proper site space. This lack of proper storage space and site mobility limits the overall efficiency of the complex. The change in site elevations requires the use of retaining barriers requiring ongoing maintenance.

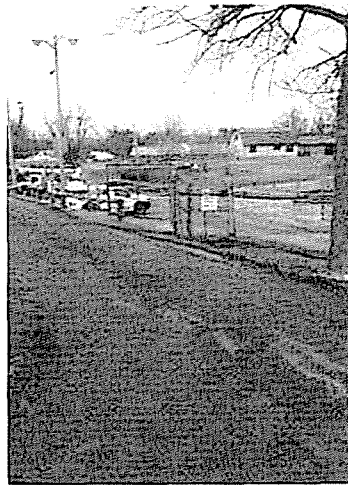


3.0 MAIN OFFICE BUILDING



This building was the original facility constructed in 1954. It is a wood framed facility with exterior brick veneer. The roof system is a gable with asphalt shingles. The windows are casement style aluminum. The current public entry fronts on Main Street. The actual finished floor of the office area is lower than the adjacent highway and the current parking lot slopes toward the building. This situation has caused site drainage problems to occur.

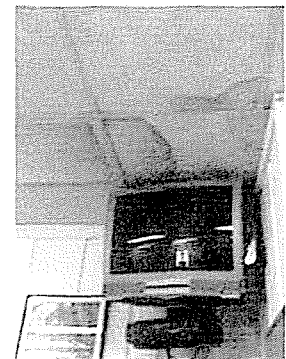
The facility has a serious problem with exterior water infiltration due to building construction problems and the building location. The lower level of the structure has had water in the building on numerous occasions. This water is caused by storm water that enters the building through various locations. Water is



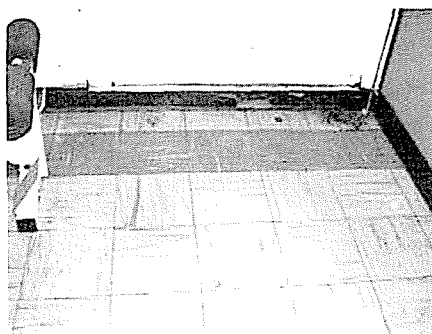
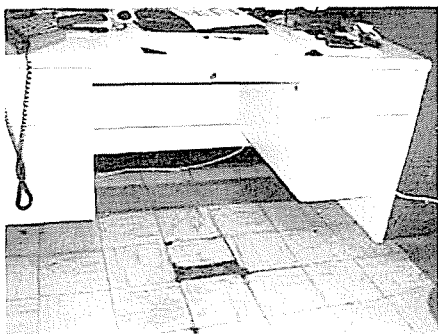
entering thru cracks in the foundation wall system, roof system and under existing doorways. This is due to poor site grading. To correct these issues would require extensive site excavation and re-contouring of the existing grades. Exact repair requirements of the building could not be



determined until excavation takes place. This water infiltration has caused building deterioration and created some areas that contain active mold and mildew. Remediation of these areas would be required.

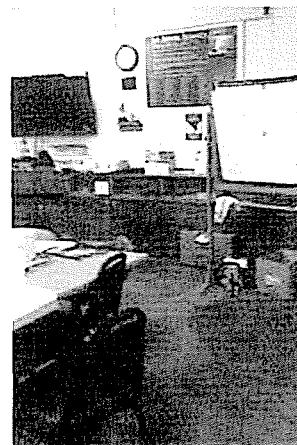


Several of the floor tile areas are asbestos. In some of these areas the tile has broken and has fragmented. These areas could potentially constitute a health hazard to both employees and members.



The interior of the office facility has gypsum wall board covered walls with lay-in acoustical ceilings. The floors are poured concrete slabs with a combination of carpet and vinyl tile covering. Some areas have no floor covering and are exposed concrete. Currently a storage closet is being used to house the I.T. server rack as well as other I.T. equipment. The air temperature and humidity controls for this room are part of the standard overall HVAC system. No individual HVAC system is provided for the I.T. area.

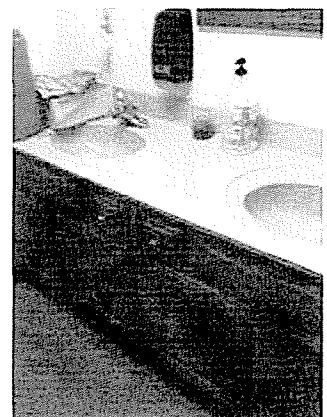
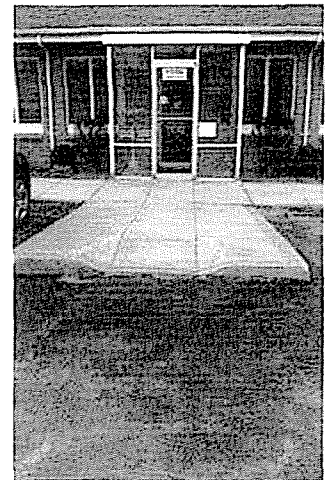
There is a 950 q. ft. attached building area that is used for material storage. It was the first addition to the facility and currently is not designed for optimum material storage and control. This area has become a catch-all for small items necessary for cooperative operation.



4.0 ADA ACCESSIBILITY (Americans with Disability Act)

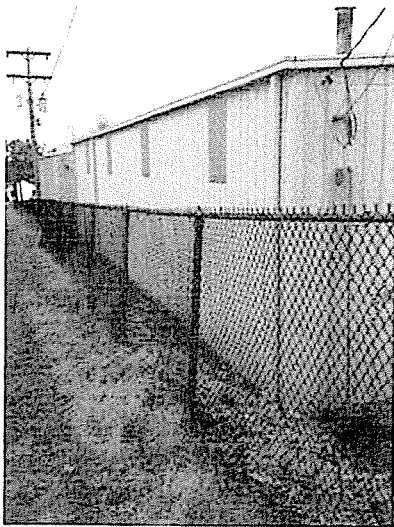
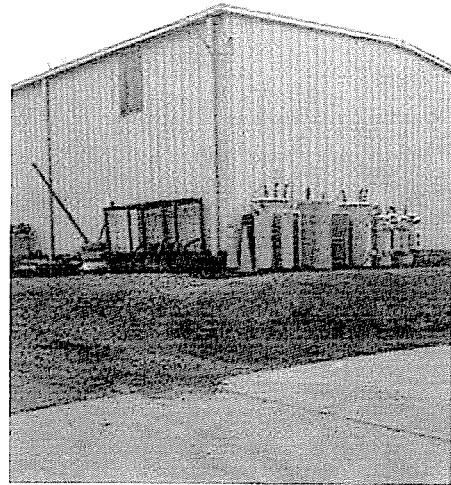
The current facility does not meet current ADA requirements.

- 1.) Door openings are not of adequate width.
All doors must be a minimum of 3'-0" wide
- 2.) The door hardware does not meet ADA requirements. All door hardware must be operable without having to grasp handle. Lever handles are required.
- 3.) The existing restroom facilities do not meet accessibility standards. The size and required approaches to fixtures will not meet federal requirements.
- 4.) There are different floor levels that are not accessible. There are no means of traversing these level changes. (ex: elevators or lifts)
- 5.) Existing hallway clearances do not meet ADA requirements.
- 6.) Existing building entry curb cut and disabled parking areas do not meet required standards.



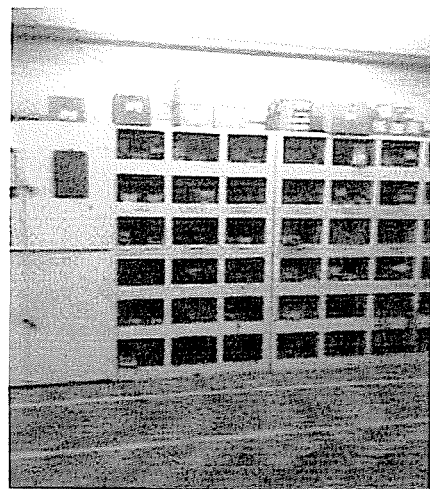
5.0 SERVICE BUILDINGS

There are two (2) pre-engineered metal service buildings located on the site. These buildings are on different floor elevations from the main office buildings and on different elevations from each other. One building is approximately 3,200 sq. ft. and the other facility is 2,400 sq. ft. They are primarily used for material storage and equipment maintenance. These areas which provide for the protection of service vehicles are inadequate.



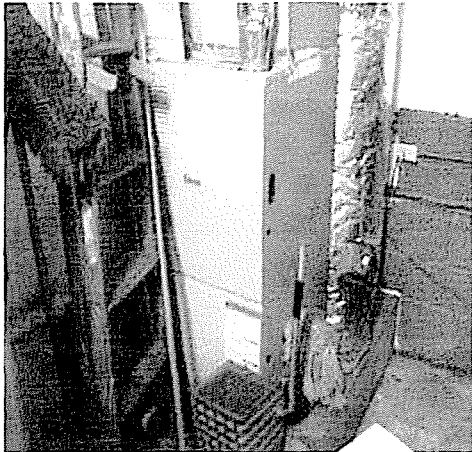
This causes services crews to spend time removing snow and ice from the equipment of the vehicles before leaving to begin field operations. The buildings appear to be in good shape structurally. However due to the change in site grade the efficiency of operations is compromised.

While some of the storage racking system is adequate, other storage systems have been built over the years by Kenergy personnel and need to be updated. Material storage areas would function better if housed in a single structure instead of various buildings around the site. This would allow for increased inventory control and security.



6.0 MECHANICAL SYSTEMS

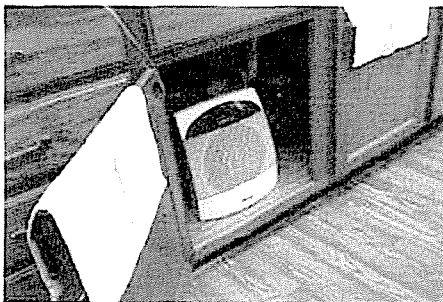
The billing/payment office/maintenance building mechanical systems consist of split-systems (electric air-conditioning with natural gas furnace unit), electric unit heaters and natural gas unit heaters. Personnel augment the systems with small fans and electric unit heaters to provide task heating and cooling.



The split system does not meet building code requirements. The return air plenum box is wood (this is a natural gas unit) attaching at the bottom of the furnace which places wood material in very close proximity to open flames inside of the furnace. There is no dedicated outside combustion air intake as required for commercial HVAC systems. The combustion air is pulled from the

interior space. This would be fine if the unit was located in the maintenance garage area but the unit is located in a make-shift closet/office area with no direct access to outside air.

The unit's flue piping is installed incorrectly and allows rain water to drain back into the furnace causing both rusting of the furnace and build-up of mold (visible mold was found at the base of the unit and inside of the unit). The natural gas piping is not installed in compliance with NFPA 54 (fuel gas code). The area around the furnace is used for storage; materials stored are of combustible composition. There was not any outside fresh



air intake duct system found for the HVAC unit as required by code. There are several electric unit heaters (installed in wall as part of the building and individual personnel units) that are used to augment heating. The individual units pose potential fire hazards

when left un-attended. The electric unit heaters in connection with the portable fans indicate under sizing of the HVAC system and poor air distribution.

The maintenance garage for the office/maintenance building and two separate vehicle maintenance buildings are heated only with either natural gas or electric horizontal unit heaters. The units appear to be in good condition. The maintenance bays (office/maintenance building and two separate vehicle maintenance buildings) did not have any built-in ventilation fan system or vehicle exhaust duct system.

The mechanical system serving the office area is undersized and potentially poses a threat to personnel working in the area due to mold/mildew, lack of fresh outside air, lack of required combustion air for the HVAC equipment and poor air distribution. The maintenance areas lack ventilation during the winter months and times when it is not possible to keep the garage doors open. The entire HVAC system is energy inefficient and the installation does not meet the minimum mechanical code requirements.

7.0 PLUMBING SYSTEMS

The plumbing system in general is in fair condition but totally lacks the necessary fixtures and systems for a facility that requires 24/7/365 operation, especially in emergency conditions. The major problem with the plumbing system is total lack of domestic water pressure and drainage. All of the buildings are lower than the road level causing heavy infiltration of rain water into the facility thus backing-up drains and causing over flow of the drainage system into work areas. The office/maintenance building has visible water damage on the walls and floors. In the areas where water damage is visible, mold and mildew can be seen.

The hot water heater is under sized and is improperly installed. It is very difficult to



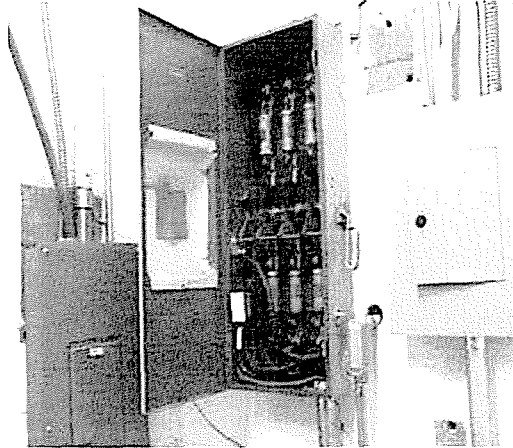
work on the unit and the material stored on and around the unit poses a hazard. The hot water system piping distribution system (as with the cold water piping distribution system) is without any insulation. The piping systems often freeze during the winter months. The ice maker/storage unit is improperly installed too close to the hot water heating unit.



The plumbing system was never designed to handle the amount of use that is required for daily operation, let alone emergency operations. Potentially the main health problem with this plumbing system is the drainage which causes the backing-up of human waste into the facility and impregnating the drywall and floor cracks with human and animal pathogens.

8.0 ELECTRICAL SYSTEMS

The electrical system is a complete hodge-podge of electrical installation from the early 1950's to the present, almost none of which meets code. The facility is served with power from both Kentucky Utility and Kenergy terminating in a combined, fused master



disconnect. The power supply originally was attached to the exterior of the building, but was later incorporated into the interior of the building when the maintenance garage was added. The power is distributed from the master disconnect to a series of panels and sub-panels located throughout the facility. Many of the panels and sub-panels were found open and all sorts of combustibile material around the

panels were observed. Some panels had cut-off conduit and conductors exposed and not capped/sealed as required by code. Several panels had unmarked breakers.

The office/maintenance building is lacking in wall receptacles, causing office personnel to use numerous extension cords. These cords are taxing the breakers and panels and

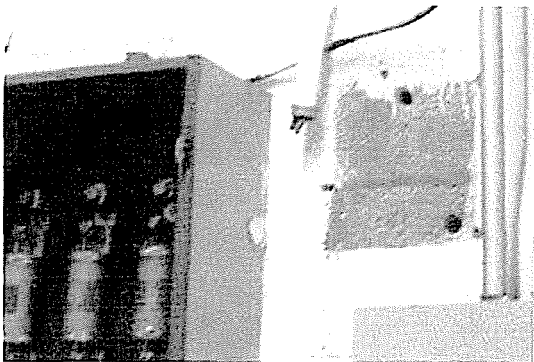


creating trip hazards and potential fire hazards due to electrical overheating. Some of the wall receptacles have been and continue to be compromised when heavy rain water backs up into the building and in the walls. Additionally, the lack of proper power distribution for the office equipment and computers has and does cause interruption and computer failure.

The office area is dimly lit for office operations. The lighting in the maintenance garage.

two maintenance buildings and site is adequate but there are dark spots which can cause potential security/safety concerns.

The electrical systems need to be completely removed and installed in compliance with current electrical codes. Much of the facility's electrical systems were done under what is loosely known as the "grandfather clause". The electrical system is literally held together with tape and wire.



9.0 SUMMARY STATEMENT

The overall review comments of the existing Kenergy Office/Service Facility in Marion, Kentucky are listed in the previous sections of this report. The comments have taken into account the existing site conditions as well as the office and service buildings. It is the opinion of this report that renovation of the existing facility is not an economic alternative to remediating the listed problems with the current facility. Repair and remediation of the facility would require major renovation of the structures to achieve compliance with current codes and standards. This renovation would not address the site issues as they relate to site elevation changes and storm water control. The renovated facility would still not address the current requirements for optimal operations. The construction of a new facility would allow the cooperative to respond to current and future needs in a more long term, cost effective manner.

10.0 STUDY LIMITATIONS

The scope of work for this report was based on a verbal & written proposal between Kenergy Corp (Client), Skinner Design Associates and A & G Engineering. The information given was gathered using professional standards of care and skill normally exercised.

No warranty, expressed or implied is made.

This report is based on the visual investigation of the facility and review of the Code requirements. This report is based on those visual investigations discernible at the time that the inspection was made. It gives a depiction of the existing facility's architectural, structural, mechanical, plumbing and electrical systems; condition of these systems and the requirements for these systems in accordance with the Kentucky Building Code.

Physical testing of mechanical, plumbing and electrical systems was not performed and was not considered to be within the scope of this report.

This report is for the sole use of the Client and is subject to the limitations previously expressed. Upon the expressed written permission of Skinner Design Associates and A & G Engineering, use by others is permitted only after conceding and accepting the limitations as previously stated in this report.

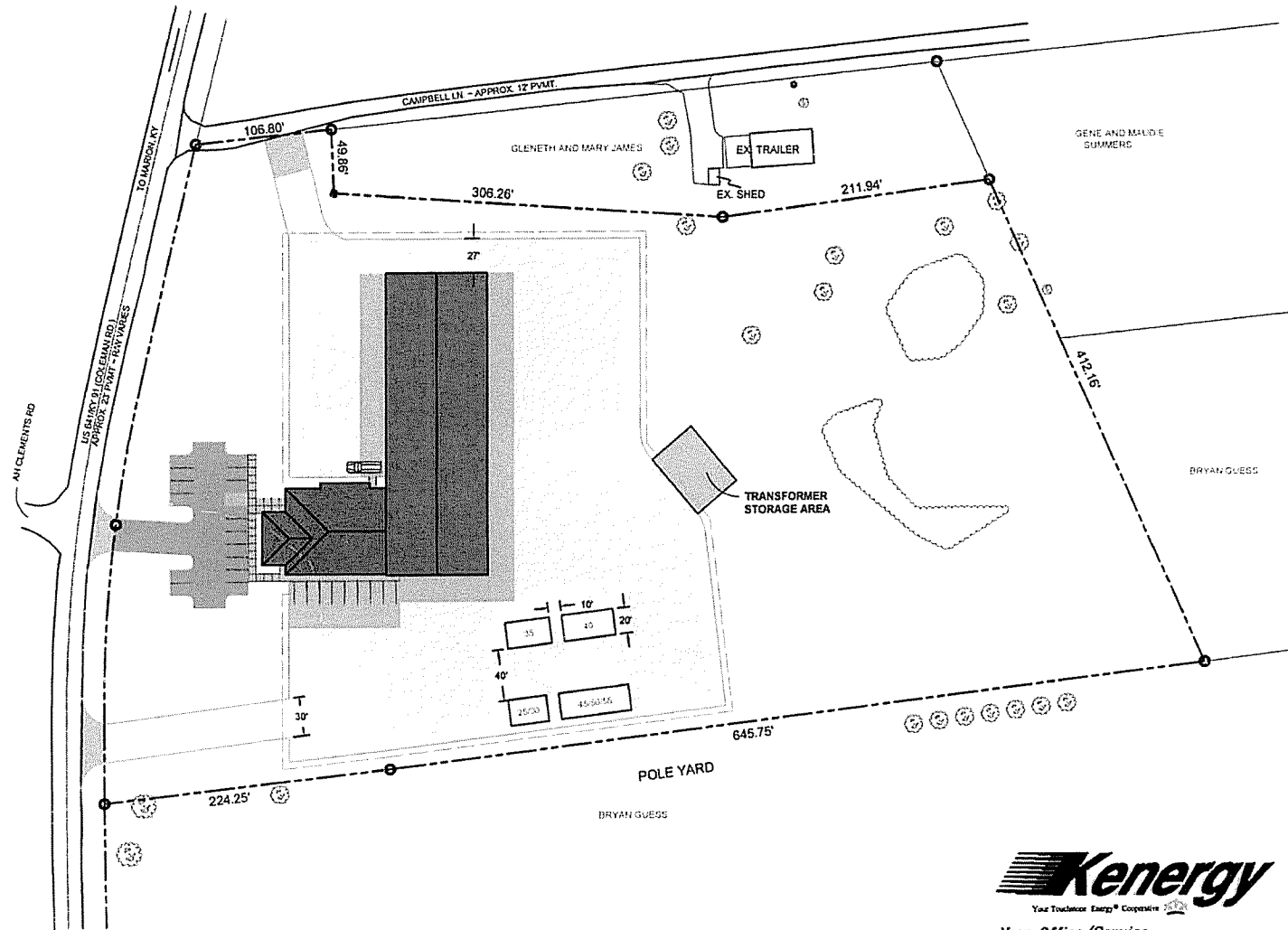
SDA SKINNER
DESIGN
ASSOCIATES

ARCHITECTURE

Kenergy Corp Marion, Kentucky



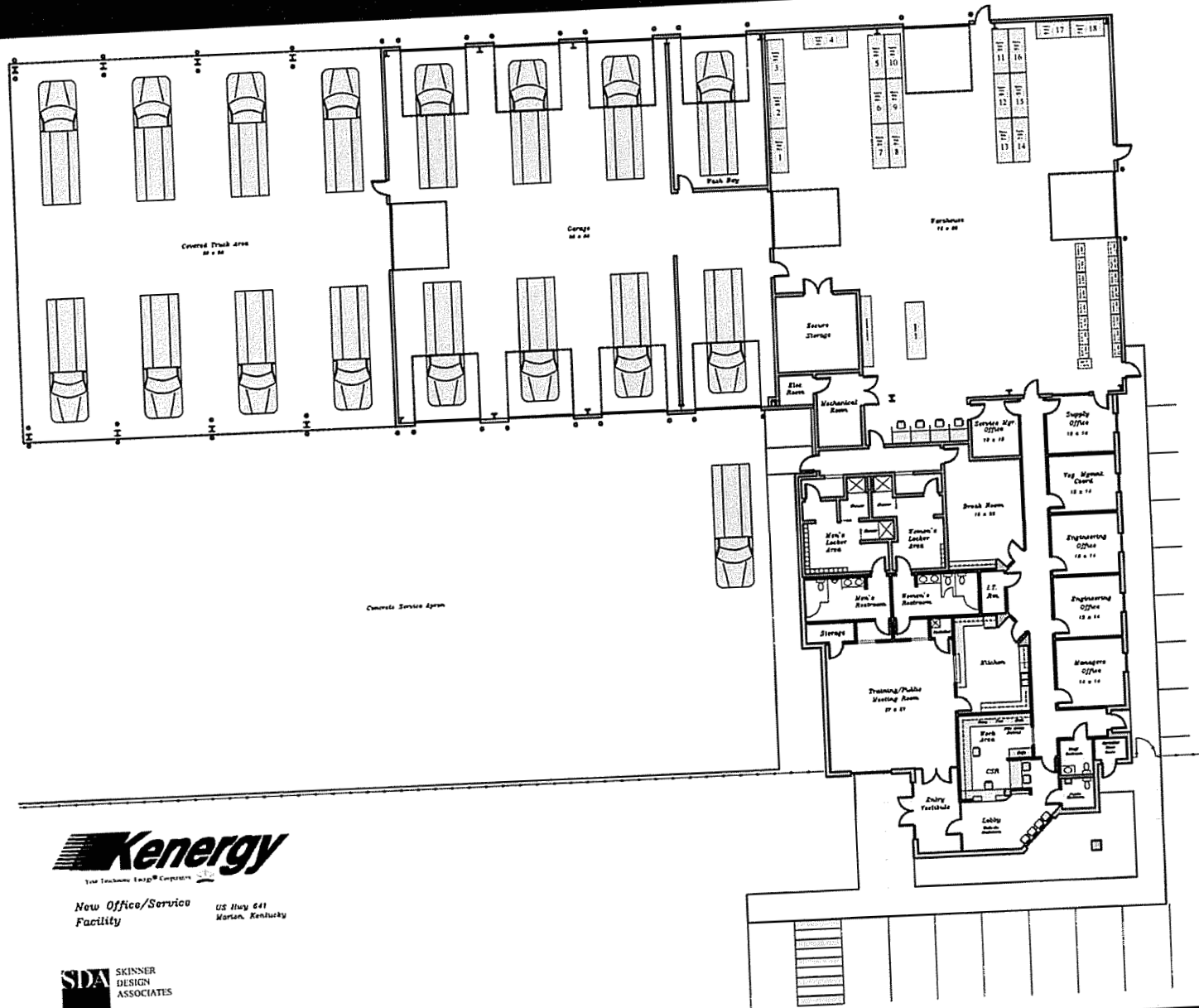
SKINNER
Exhibit B



New Office/Service Facility
 US Hwy 641
 Marion, Kentucky



SITE PLAN



New Office/Service Facility US Hwy 641
 Warsaw, Kentucky



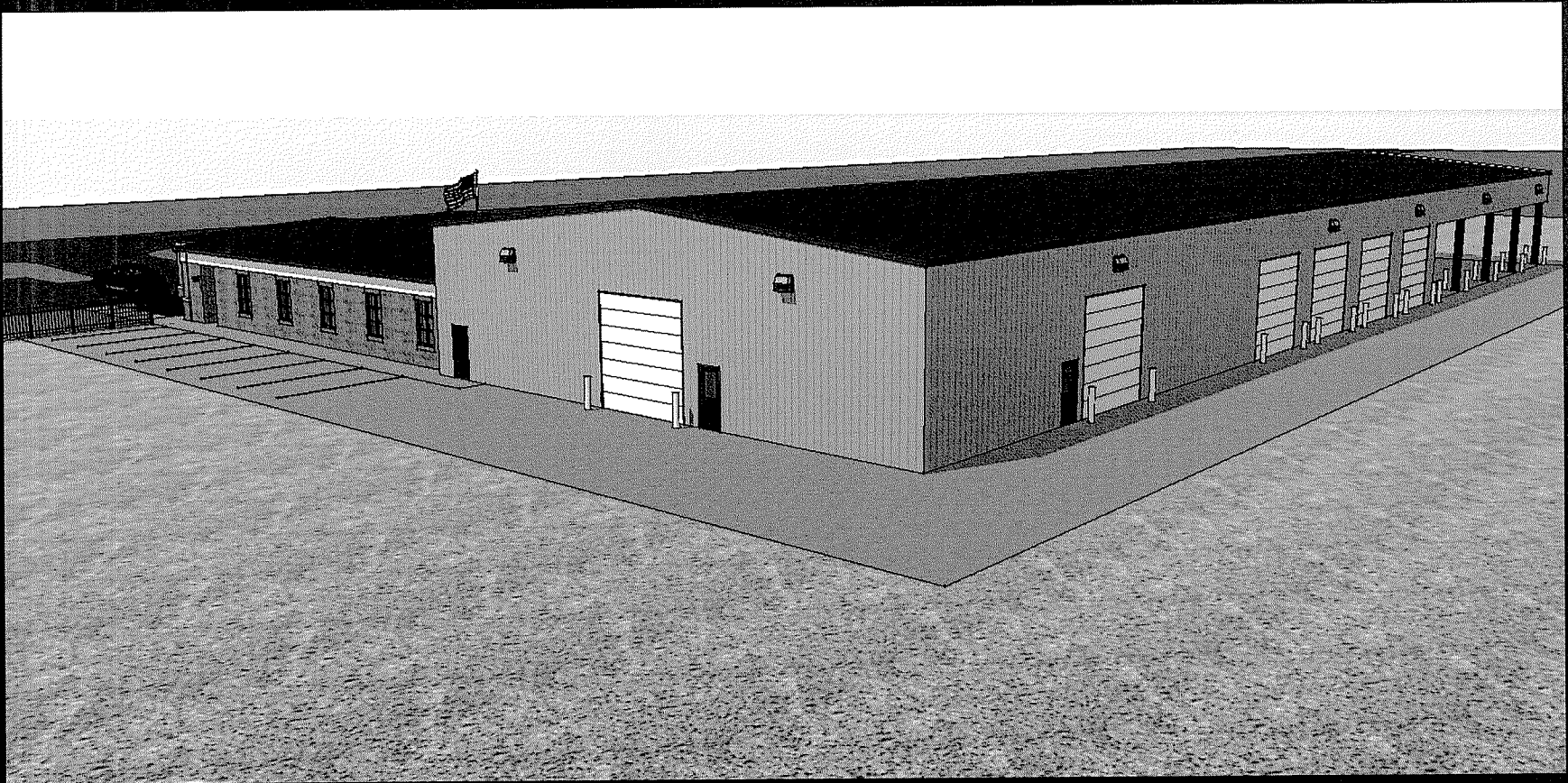
FLOOR PLAN



FRONT ELEVATION



FRONT SIDE ELEVATION



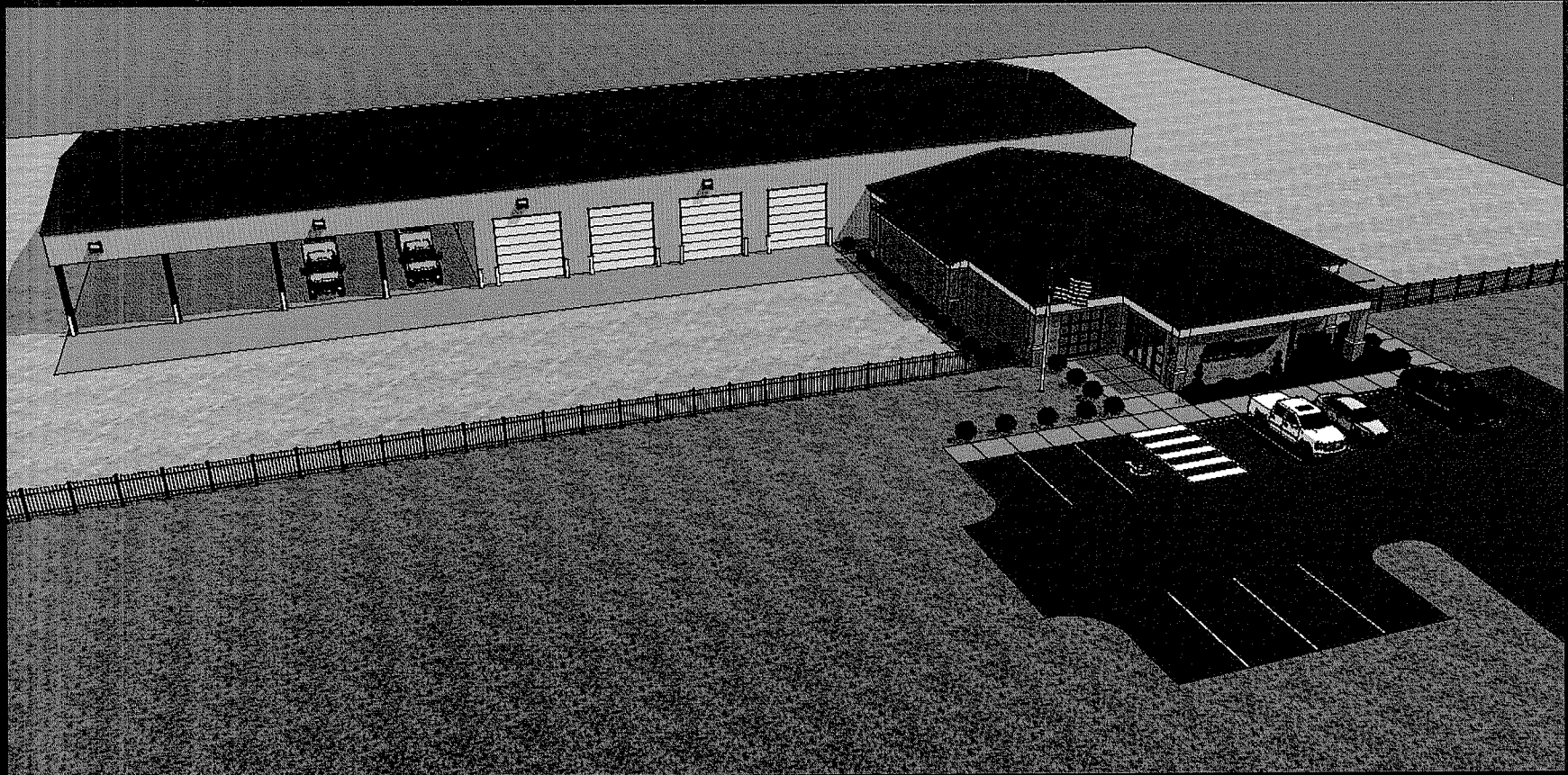
REAR SIDE ELEVATION



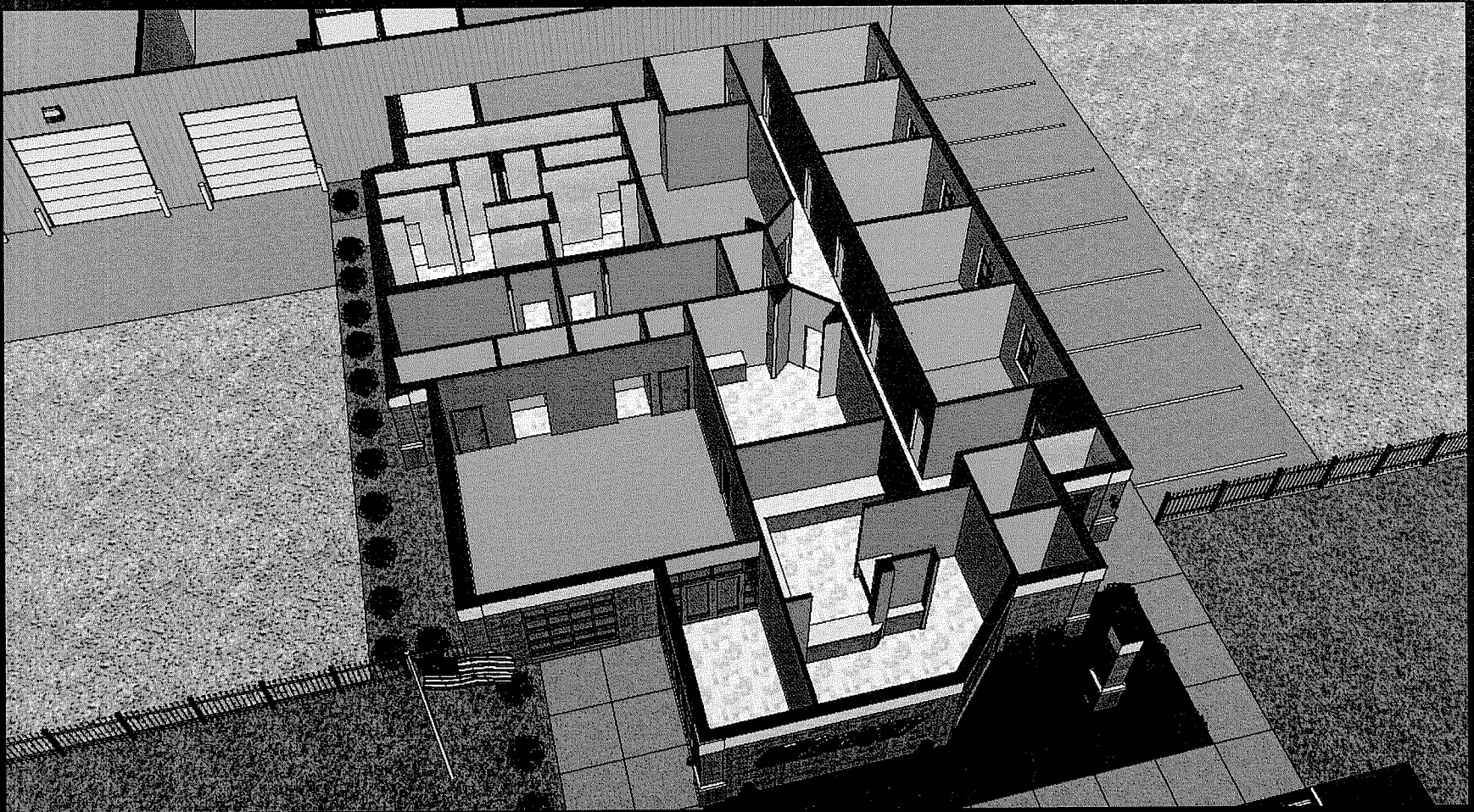
REAR SIDE ELEVATION



FRONT SIDE ELEVATION



SITE LAYOUT



FLOOR PLAN

LEED

Leadership in Energy and Environmental Design

LEED is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, improved indoor environmental quality, and stewardship of resources and sensitivity to their impact.

LEED 2009 FOR NEW CONSTRUCTION AND MAJOR RENOVATIONS PROJECT CHECKLIST

Sustainable Sites

<input checked="" type="checkbox"/> Prerequisite 1	Construction Activity Pollution Prevention	26 Possible Points
<input type="checkbox"/> Credit 1	Site Selection	Required
<input type="checkbox"/> Credit 2	Development Density and Community Connectivity	1
<input type="checkbox"/> Credit 3	Brownfield Redevelopment	5
<input type="checkbox"/> Credit 4.1	Alternative Transportation—Public Transportation Access	1
<input type="checkbox"/> Credit 4.2	Alternative Transportation—Bicycle Storage and Changing Rooms	6
<input type="checkbox"/> Credit 4.3	Alternative Transportation—Low-Emitting and Fuel-Efficient Vehicles	3
<input type="checkbox"/> Credit 4.4	Alternative Transportation—Parking Capacity	1
<input type="checkbox"/> Credit 5.1	Site Development—Protect or Restore Habitat	2
<input type="checkbox"/> Credit 5.2	Site Development—Maximize Open Space	1
<input type="checkbox"/> Credit 6.1	Stormwater Design—Quantity Control	1
<input type="checkbox"/> Credit 6.2	Stormwater Design—Quality Control	1
<input type="checkbox"/> Credit 7.1	Heat Island Effect—Nonroof	1
<input type="checkbox"/> Credit 7.2	Heat Island Effect—Roof	1
<input type="checkbox"/> Credit 8	Light Pollution Reduction	1

Water Efficiency

<input checked="" type="checkbox"/> Prerequisite 1	Water Use Reduction	10 Possible Points
<input type="checkbox"/> Credit 1	Water Efficient Landscaping	Required
<input type="checkbox"/> Credit 2	Innovative Wastewater Technologies	2-4
<input type="checkbox"/> Credit 3	Water Use Reduction	2
		2-4

Energy and Atmosphere

<input checked="" type="checkbox"/> Prerequisite 1	Fundamental Commissioning of Building Energy Systems	35 Possible Points
<input checked="" type="checkbox"/> Prerequisite 2	Minimum Energy Performance	Required
<input checked="" type="checkbox"/> Prerequisite 3	Fundamental Refrigerant Management	Required
<input type="checkbox"/> Credit 1	Optimize Energy Performance	1-19
<input type="checkbox"/> Credit 2	On-site Renewable Energy	1-7
<input type="checkbox"/> Credit 3	Enhanced Commissioning	2
<input type="checkbox"/> Credit 4	Enhanced Refrigerant Management	2
<input type="checkbox"/> Credit 5	Measurement and Verification	3
<input type="checkbox"/> Credit 6	Green Power	2

Materials and Resources

<input checked="" type="checkbox"/> Prerequisite 1	Storage and Collection of Recyclables	14 Possible Points
<input type="checkbox"/> Credit 1.1	Building Reuse—Maintain Existing Walls, Floors and Roof	Required
<input type="checkbox"/> Credit 1.2	Building Reuse—Maintain Existing Interior Nonstructural Elements	1-3
<input type="checkbox"/> Credit 2	Construction Waste Management	1
<input type="checkbox"/> Credit 3	Materials Reuse	1-2
<input type="checkbox"/> Credit 4	Recycled Content	1-2

<input type="checkbox"/> Credit 5	Regional Materials	1-2
<input type="checkbox"/> Credit 6	Rapidly Renewable Materials	1
<input type="checkbox"/> Credit 7	Certified Wood	1

Indoor Environmental Quality

<input checked="" type="checkbox"/> Prerequisite 1	Minimum Indoor Air Quality Performance	15 Possible Points
<input checked="" type="checkbox"/> Prerequisite 2	Environmental Tobacco Smoke (ETS) Control	Required
<input type="checkbox"/> Credit 1	Outdoor Air Delivery Monitoring	Required
<input type="checkbox"/> Credit 2	Increased Ventilation	1
<input type="checkbox"/> Credit 3.1	Construction Indoor Air Quality Management Plan—During Construction	1
<input type="checkbox"/> Credit 3.2	Construction Indoor Air Quality Management Plan—Before Occupancy	1
<input type="checkbox"/> Credit 4.1	Low-Emitting Materials—Adhesives and Sealants	1
<input type="checkbox"/> Credit 4.2	Low-Emitting Materials—Paints and Coatings	1
<input type="checkbox"/> Credit 4.3	Low-Emitting Materials—Flooring Systems	1
<input type="checkbox"/> Credit 4.4	Low-Emitting Materials—Composite Wood and Agrifiber Products	1
<input type="checkbox"/> Credit 5	Indoor Chemical and Pollutant Source Control	1
<input type="checkbox"/> Credit 6.1	Controllability of Systems—Lighting	1
<input type="checkbox"/> Credit 6.2	Controllability of Systems—Thermal Comfort	1
<input type="checkbox"/> Credit 7.1	Thermal Comfort—Design	1
<input type="checkbox"/> Credit 7.2	Thermal Comfort—Verification	1
<input type="checkbox"/> Credit 8.1	Daylight and Views—Daylight	1
<input type="checkbox"/> Credit 8.2	Daylight and Views—Views	1

Innovation in Design

<input type="checkbox"/> Credit 1	Innovation in Design	6 Possible Points
<input type="checkbox"/> Credit 2	LEED Accredited Professional	1-5
		1

Regional Priority

<input type="checkbox"/> Credit 1	Regional Priority	4 Possible Points
		1-4

LEED 2009 for New Construction and Major Renovations

100 base points; 6 possible Innovation in Design and 4 Regional Priority points

Certified	40-49 points
Silver	50-59 points
Gold	60-79 points
Platinum	80 points and above