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April 24, 2013

VIA FEDEX

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sauer Boulevard
Frankfort, KY 40601

RE: Case No. 2013-107

Dear Mr. Derouen:

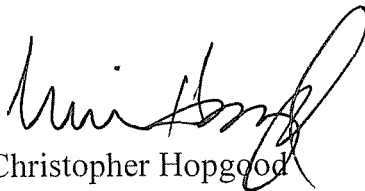
Enclosed for filing are the original and 10 copies of Response of Kenergy Corp. to First Request for Information of Commission Staff in above case.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood
Attorney for Kenergy Corp.

JCH/cds

Encls.

COPY/w/encls.: Mr. Gregory Starheim, Kenergy Corp.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

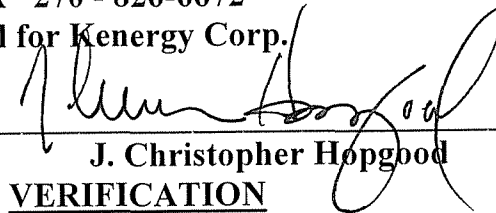
TARIFF FILING OF KENERGY CORP. TO) **Case No. 2013-107**
REVISE AND IMPLEMENT DEMAND-SIDE)
MANAGEMENTPROGRAMS)

RESPONSE OF KENERGY CORP. TO FIRST REQUEST FOR INFORMATION
OF COMMISSION STAFF


Following is Kenergy Corp.'s response to Commission Staff's First Request for Information dated April 17, 2013.

DORSEY, KING, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, Kentucky 42420
Telephone 270 - 826-3965
Telefax 270 - 826-6672
counsel for Kenergy Corp.

By _____


J. Christopher Hopgood
VERIFICATION

The undersigned David Hamilton hereby verifies that the information set forth in the following Responses of Kenergy Corp. to First Request for Information of Commission Staff is true and correct to the best of my information, knowledge and belief.



David Hamilton
Kenergy Corp.

STATE OF KENTUCKY

COUNTY OF Warrick

The foregoing was signed, acknowledged and sworn to before me by
DAVID HAMILTON, Member Services Director of KENERGY CORP., this 24th day
of April, 2013.

My commission expires Oct. 16, 2016

Benita M. Musten
Notary Public, State of Kentucky at Large

(seal)

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

CASE NO. 2013-00107

8 **Item 1)** Refer to Kenergy's proposed Residential Weatherization Program –
9 Primary Heating Source Non-Electric and Electric-Sourced Air Conditioning, PSC No. 2,
10 First Revised Sheet No. 55. Explain whether the cost of an initial site visit and the
11 portion of the cost of a diagnostic audit is part of this program and, if so, state whether
12 that language should be included in "Member Incentives."

13 **RESPONSE:**

14 **The cost of the initial site visit and the portion of the cost of a diagnostic audit**
15 **is part of this program and the language should be included in "Member**
16 **Incentives."**

17
18 **WITNESS: David Hamilton**

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

CASE NO. 2013-00107

8 **Item 2)** Refer to Kenergy's proposed Residential Weatherization Program –
9 Primary Heating Source Electric and Electric-Sourced Air Conditioning, PSC No. 2, First
10 Revised Sheet No. 56. Explain whether the cost of an initial site visit and the portion of
11 the cost of a diagnostic audit is part of this program and, if so, state whether that language
12 should be included in "Member Incentives."

13 **RESPONSE:**

14 **The cost of the initial site visit and the portion of the cost of a diagnostic audit**
15 **is part of this program and the language should be included in "Member**
16 **Incentives."**

17
18 **WITNESS: David Hamilton**

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

CASE NO. 2013-00107

8 **Item 3)** Refer to Kenergy's proposed Residential Weatherization Program –
9 Primary Heating Source Electric and Electric-Sourced Air Conditioning, PSC No. 2, First
10 Revised Sheet Nos. 56 & 56A. Under "Terms & Conditions," paragraph 6, states:

11 The Contractor will collect \$100 from the residential customer for the
12 diagnostic audit, which will be reimbursed when the project is complete. If
13 the residential customer does not follow through with the weatherization
14 process, the \$100 will be forfeited and Big Rivers will pay \$350 to the
15 contractor. Big Rivers will pay the Contractor \$450 for the diagnostic audit
16 upon completion of the weatherization process.

17
18 Explain why paragraph 6 in "Terms & Conditions" in this proposed program is different
19 from paragraph 6 in the "Terms & Conditions" for Kenergy's proposed Residential
20 Weatherization Program – Primary Heating Source Non-Electric and Electric-Sourced
21 Air Conditioning, PSC No. 2, First Revised Sheet No. 55A, which states:

22 Big Rivers Electric Corporation, on behalf of Kenergy Corp., will also pay
23 the contractor \$225 upon completion of the diagnostic audit. The
24 residential customer will pay \$225 to the contractor for the diagnostic audit.

25
26 However, this statement is consistent with paragraph 6 of Big Rivers' proposed Standard
27 Rate – RDS – Rural Delivery Service – DSM-10 Residential Weatherization Program –
28 Primary Heating Source Non-Electric, PSC No. 24, First revised Sheet Nos. 2.16 and
29 2.17.

1 **RESPONSE:**

2 **In determining the incentive level in the weatherization program, the benefits**
3 **derived from the weatherization measures must be able to support the cost of**
4 **the measures. In the case of the weatherization for non-electrically heated**
5 **homes, the benefits derived in both the Total Resource Cost (TRC) and the**
6 **Utility Cost Test (UCT) do not support the same level of incentive as a home**
7 **that uses electricity to both heat and cool the home. As a member owned**
8 **cooperative, the UTC for the for the weatherization for non-electrically**
9 **heated homes measures the Benefit/Cost ratio for the utility, meaning the**
10 **Benefit/Cost ratio for all our members. The UCT for the non-electrically**
11 **heated home ranges from 1.17 to 1.26, while the UCT ranges from 1.89 to 2.01**
12 **for electrically heated homes with the higher spending levels.**

13 **Investing in weatherization for our members is important and will have long**
14 **lasting effects on energy use. While the Benefit/Cost ratio to all our members**
15 **is higher for all electric homes, it is also important to support weatherization**
16 **for non-electrically heated homes even at a lower incentive level.**

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18 **WITNESS: David Hamilton**

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

CASE NO. 2013-00107

8 **Item 4)** Refer to Kenergy's proposed Residential Weatherization Program –
9 Primary Heating Source Non-Electric and Electric-Sourced Air Conditioning, PSC No. 2,
10 First Revised Sheet No. 55 and 56A. Under "Terms & Conditions," paragraph 7, which
11 states, "Big Rivers will also pay the contractor up to \$2,500 for implemented residential
12 weatherization measures including project management, explain why Kenergy proposes
13 that the contractor be paid up to \$2,500, not up to \$1,000.

14 **RESPONSE:**

15 **See response to Item 3.**

16
17 **WITNESS: David Hamilton**