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July 8, 2015

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

RE: Case No. 2015-00141

Dear Mr. Derouen:

Enclosed for filing please find Kenergy's response to the Commission's Second Request for Information (original plus 10 copies) in the above referenced matter.

Your assistance in this matter is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Steve Thompson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Steve Thompson
Vice President - Finance

RECEIVED
JUL 10 2015
PUBLIC SERVICE
COMMISSION




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

CASE NO. 2015-00141

VERIFICATION

I, **STEVE THOMPSON**, verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



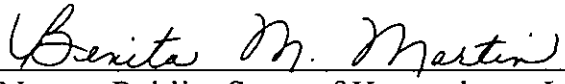
Steve Thompson, Vice President - Finance

STATE OF KENTUCKY

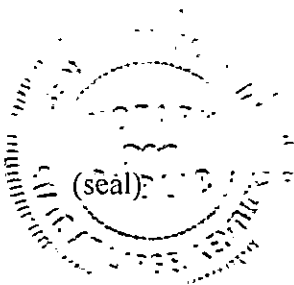
COUNTY OF: DAVIESS

The foregoing was signed, acknowledged and sworn to before me by
STEVE THOMPSON, this 8th day of July, 2015.

My commission expires Oct. 16, 2016



Notary Public, State of Kentucky at Large



KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND REQUEST FOR INFORMATION

CASE NO. 2015-00141

Item 1) Refer to Kenergy's response to Items 1.b. and 1.c. of Commission Staff's First Request for Information. The response to Item 1.c. states that the December 31, 2014 balance for meters was \$4,409,844 and that using a 20-year useful life, meters would have an annual depreciation expense of \$220,492. The response to Item 1.b. states that accumulated depreciation at December 31, 2014, was \$1,105,481, which represents approximately five years of depreciation (\$1,105,481 divided by \$220,492).

a) Given a useful life of 20 years, and five years of depreciation having been recorded on Kenergy's books, confirm that, removal costs aside, the remaining number of years for the electro-mechanical meters to be depreciated would be 15 years.

b) State whether Kenergy believes a 15-year amortization period for the regulatory asset would be reasonable. If not, explain.

Response a) Confirmed.

Response b) Kenergy believes an amortization period of either 10 years or 15 years is reasonable. Kenergy prefers using 10 years to be sure the loss is completely amortized before the new AMI meters useful life ends, currently estimated at 15 years. However, Kenergy notes that in Case No. 2014-00436, the Commission approved a 12-year depreciation period for AMI meters. Kenergy also notes that the RUS has approved Kenergy's request to amortize the loss over 10 years.

Witness) Steve Thompson