

Kenergy Corporation
Calculation of Rate of Return

Line No.	<u>Item</u> (a)	<u>Amount</u> (b)
1	Operating Margins - Proposed Rates	\$ 2,916,136
2	Interest Expense on LTD - Proforma	\$ 5,145,692
3	Proforma Return	\$ 8,061,828
4	Net Utility Plant	\$ 201,012,930
5	Materials and Supplies	\$ 1,963,550
6	Prepayments	\$ 886,575
7	Allowance for Working Capital	\$ 2,654,050
8	Customer Advances	\$ (2,528,970)
9	Net Rate Base	\$ 203,988,135
10	Less: Property Tax Reclassification	\$ (228,328)
11	Adjusted Net Rate Base	\$ 203,759,807
12	Rate of Return	3.96%