

RECEIVED

DEC 16 2004

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
)
THE APPLICATION OF KENERGY CORP.) CASE No. 2004-00446
FOR A REDUCTION IN REVENUE AND)
ADJUSTMENT IN EXISTING RATES)

APPLICATION

Introduction

This application is being filed pursuant to the Commission’s order in Case No. 2003-00165. In this filing KENERGY CORP. (“Kenergy”) seeks a reduction in revenue and an adjustment in existing rates that begins to address the disparity between customer classes and cost of service.

The application of Kenergy respectfully shows:

(a) Kenergy is a nonprofit electric cooperative organized under KRS Chapter 279 and is engaged in the business of distributing retail electric power to member customers in the Kentucky counties of Daviess, Hancock, Henderson, Hopkins, McLean,

Muhlenberg, Ohio, Webster, Breckinridge, Union, Crittenden, Caldwell, Lyon, and Livingston.

(b) The post office address of Kenergy is Post Office Box 18, Henderson, Kentucky 42419-0018.

(c) Kenergy seeks an overall reduction in revenues of \$528,491.00 and adjustment in rates that begins to address the disparity between customer classes and cost of service.

(d) The annual report of Kenergy is on file with the Commission in accordance with 807 KAR 5:006, Section 3(1).

(e) Kenergy is the consolidation successor of Green River Electric Corporation and Henderson Union Electric Cooperative Corp. A copy of the articles of consolidation is filed in Case No. 99-136.

(f) A certificate of good standing (Certificate of Existence) is attached as “Exhibit 1.”

(g) A certificate of assumed name for Kenergy Corp., adopting the name Kenergy, has been filed in the Office of the Kentucky Secretary of State, the county clerk’s offices of all counties in Kenergy’s service territory, and the office of Franklin County Clerk. A copy is attached as “Exhibit 2.”

(h) The proposed tariff in a form that complies with 807 KAR 5:011 is attached as “Exhibit 3A.” See 807 KAR 5:001, Section 10(1)(b)7.

(i) The proposed tariff as compared to the existing tariff is shown in attached “Exhibit 3B.” See 807 KAR 5:001, Section 10(1)(b)8.

(j) All affected customers will be notified of the filing of this application by publishing a notice as required under 807 KAR 5:001, Section 10(4)(c)3. A copy of the notice is attached as “Exhibit 4.” Affidavits from the publishers verifying that the notice was published will be filed with the Commission no later than 45 days of the file date hereof.

(k) Attached as “Exhibit 5” is Adjusted Income Statement with Proposed Adjustments for the 12 months ending May 31, 2004. This statement provides 12 month historical test period information and includes pro forma adjustments for known and measurable changes. See 807 KAR 5:001, Section 10(6)(a).

(l) The prepared testimonies of Mark A. Bailey, Kenergy’s President and CEO, Steve Thompson, Kenergy’s Vice President of Finance and Accounting, and Jack D. Gaines, rate analyst with JDG Consulting LLC, are attached as “Exhibit 6,” “Exhibit 7” and “Exhibit 8,” respectively. See 807 KAR 5:001, Section 10(6)(b).

(m) The impact on Kenergy's overall revenues is explained in the prepared testimony of Steve Thompson in "Exhibit 7." See 807 KAR 5:001, Section 10(6)(d).

(n) The impact on the average customer bill is explained in the prepared testimony of Steve Thompson in "Exhibit 7" and in attached "Exhibit 9." See 807 KAR 5:001, Section 10(6)(e).

(o) An analysis of customers' bills as required by 807 KAR 5:001, Section 10(6)(g) is attached as "Exhibit 9."

(p) Kenergy's determination of its revenue requirements is based on interest and debt service coverage ratios and cash position, and is addressed in the prepared testimonies of Mark A. Bailey and Steve Thompson, attached hereto as "Exhibit 6" and "Exhibit 7," respectively. See 807 KAR 5:001, Section 10(6)(h).

(q) The information required to be submitted pursuant to 807 KAR 5:001, Section 10(6)(i) is not applicable to this filing and a deviation therefrom is requested.

(r) A current chart of accounts is attached as "Exhibit 10." See 807 KAR 5:001, Section 10(6)(j).

(s) An independent auditor's annual opinion report is attached as "Exhibit 11." See 807 KAR 5:001, Section 10(6)(k).

(t) Kenergy is not regulated by the Federal Energy Regulatory Commission or Federal Communication Commission and therefore has no audit reports from these agencies. See 807 KAR 5:001, Section 10(6)(l) and (m).

(u) Kenergy has not had a depreciation study performed and requests a deviation from the requirements of 807 KAR 5:001, Section 10 (6)(n).

(v) Following is a list of all commercially available or in-house developed computer software, programs and models used in the development of the schedules and work papers associated with this filing: Commercial-Microsoft Word and Excel; Developed by JDG Consulting LLC, Unbundled Cost of Service Model. See 807 KAR 5:001, Section 10 (6)(o).

(w) Annual reports to members for the two (2) most recent years are attached as “Exhibit 12.” See 807 KAR 5:001, Section 10(6)(q).

(x) Monthly managerial reports providing financial results of operations of Kenergy for the 12 months in the test period are attached as “Exhibit 13A.” Operating Budget for the 12 month test period is attached at “Exhibit 13B.” See 807 KAR 5:001, Section 10 (6)(r).

(y) Kenergy has not had any amounts charged or allocated to it by an affiliate or general or home office or paid any monies to an affiliate or general or home office

during the test period or during the previous three (3) calendar years. See 807 KAR 5:001, Section 10(6)(t).

(z) Pursuant to the Commission's aforementioned order in Case No. 2003-00165, Kenergy is not required to conduct a new cost of service study but may rely on the study filed in said case. Accordingly, said cost of service study is filed herewith in a separate binder as "Exhibit 14" to this Application. 807 KAR 5:001 Section 10(6)(u).

(aa) With respect to the requirements of 807 KAR 5:001, Section 10(7) applicant states: The detailed income statement and balance sheet required under subpart (a) are included in "Exhibit 5;" subparts (b) and (c) do not apply as there are no adjustments for plant additions; the operating budget required under subpart (d) is included in "Exhibit 13;" and the information concerning number of customers required under subpart (e) is included in "Exhibit 5."

(bb) Pursuant to the requirements of KRS 278.2209 attached as "Exhibit 15A" is Cost Allocation Manual and attached as "Exhibit 15B" is Annual Summary of Allocated Costs.

WHEREFORE, applicant asks that the Public Service Commission of the Commonwealth of Kentucky make its order as follows:

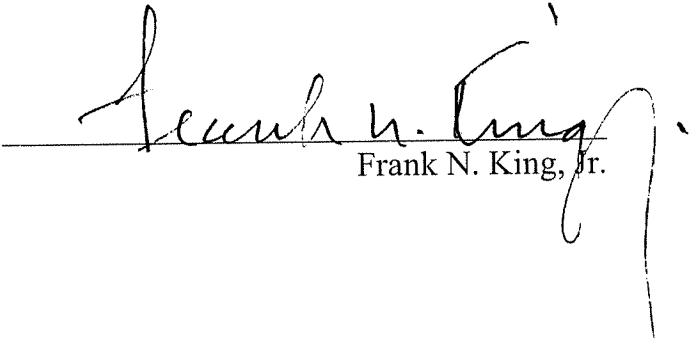
1. Approving the requested reduction in revenue and adjustment in existing rates.
2. Granting to Kenergy all proper relief.

DORSEY, KING, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, Kentucky 42420
(270) 826-3965 Telephone
(270) 826-6672 Telefax
Attorneys for Applicant

By


FRANK N. KING, JR.

I hereby certify that the foregoing has been served upon the Attorney General of Kentucky, Office of Rate Intervention, 1024 Capital Center Drive, Frankfort, Kentucky 40601, by mailing a true and correct copy of same on this 15th day of December, 2004.


Frank N. King, Jr.

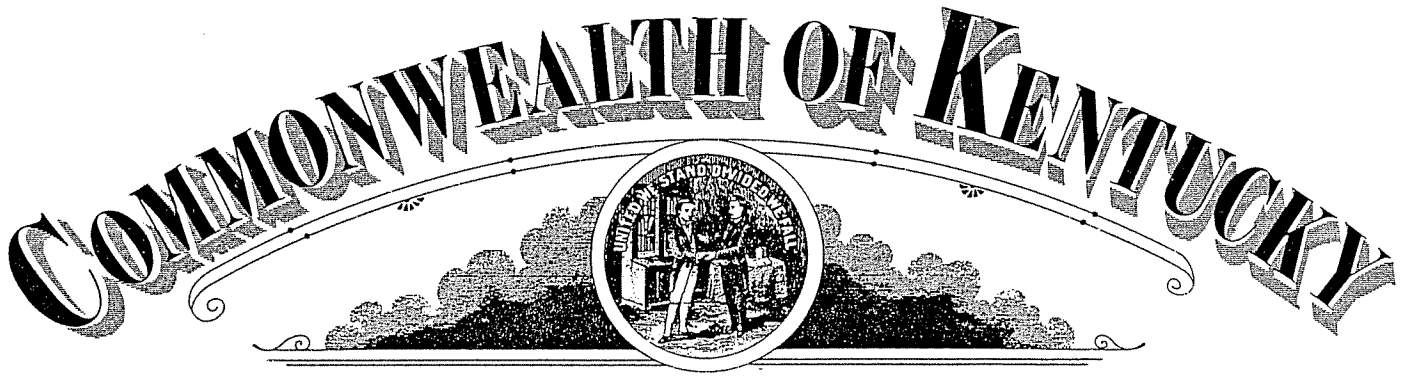
KENERGY CORP.

CASE NO. 2004-00446

**THE APPLICATION OF KENERGY CORP.
FOR A REDUCTION IN REVENUE AND ADJUSTMENT IN EXISTING RATES**

Index of Exhibits to Application

Exhibit 1	Certificate of Existence
Exhibit 2	Certificate of Assumed Name
Exhibit 3	A. Proposed Tariff B. Proposed Tariff Changes
Exhibit 4	Required Customer Notice
Exhibit 5	Adjusted Income Statement
Exhibit 6	Testimony of Mark A. Bailey
Exhibit 7	Testimony of Steve Thompson
Exhibit 8	Testimony of Jack D. Gaines
Exhibit 9	Consumption Analysis; Present and Proposed Revenue by Class of Customer
Exhibit 10	Current Chart of Accounts
Exhibit 11	Independent Auditor's Report
Exhibit 12	Annual Report to Members for 2003 and 2002
Exhibit 13	A. Monthly Managerial Reports Providing Financial Results for Twelve Months in Test Period B. Operating Budget for Twelve Months in Test Period
Exhibit 14	Cost of Service Study
Exhibit 15	A. Cost Allocation Manual B. Annual Summary of Allocated Costs



Trey Grayson
Secretary of State

Certificate of Existence

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

KENERGY CORP.

is a nonprofit corporation duly organized and existing under KRS Chapter 273, whose date of incorporation is June 22, 1999 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 6th day of October, 2004.



Trey

Trey Grayson
Secretary of State
Commonwealth of Kentucky

Rlong/0471117 - Certificate ID: 5267



JOHN Y. BROWN III
SECRETARY OF STATE
CERTIFICATE OF ASSUMED NAME

RECEIVED & FILED
JUL 7 10 48 AM '99
JOHN Y. BROWN III
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY

This certifies that the assumed name of KENERGY
[Name under which the business will be conducted]
has been adopted by KENERGY CORP.
[Real name - KRS 365.015(1)]

which is the "real name" of [YOU MUST CHECK ONE]

- | | |
|--|--|
| <input type="checkbox"/> a Domestic General Partnership | <input type="checkbox"/> a Foreign General Partnership |
| <input type="checkbox"/> a Domestic Limited Partnership | <input type="checkbox"/> a Foreign Limited Partnership |
| <input type="checkbox"/> a Domestic Business Trust | <input type="checkbox"/> a Foreign Business Trust |
| <input checked="" type="checkbox"/> a Domestic Corporation | <input type="checkbox"/> a Foreign Corporation |
| <input type="checkbox"/> a Joint Venture | |

organized and existing in the state of KENTUCKY, and whose address is
6402 Old Corydon Road, Henderson, Kentucky 42420
(Street address, if any) (City) (State) (Zip Code)

This Certificate of Assumed Name is executed by:

<u><i>Dean Stanley</i></u> Signature	<u>DEAN STANLEY, PRESIDENT and CEO</u> Print or type name and title
_____ Signature	_____ Print or type name and title
_____ Signature	_____ Print or type name and title
_____ Signature	_____ Print or type name and title
_____ Signature	_____ Print or type name and title

ACKNOWLEDGMENT

State of KENTUCKY
County of HENDERSON

The foregoing instrument was acknowledged before me this 1st day of July, 19 99
by DEAN STANLEY
on behalf of KENERGY CORP.

a ~~General Partnership~~ ~~Domestic Partnership~~ ~~Business Trust~~ ~~Corporation~~ ~~Joint Venture~~

Charles Smithhart
[Notary Public Signature]

State of Kentucky at Large
My Commission expires:

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Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 1

CANCELLING PSC NO.

First Revised SHEET NO. 1

CLASSIFICATION OF SERVICE

(T)

Schedule 1 – Residential Service (Single Phase & Three-Phase)

APPLICABLE

To entire territory served.

(T) AVAILABLE

To all residential (single and three-phase) and small three-phase farm service.

TYPE OF SERVICE – Single phase with secondary voltages available in the vicinity or agreed by distributor.

MONTHLY RATE

Residential Customer Charge per delivery point..... \$7.91

Three-Phase Farm Service Customer Charge per delivery point..... \$12.00

(I) Energy Charge per KWH..... .056769

TAXES AND FEES

School Taxes added if applicable.

Kentucky Sales Taxes to be added to bill if applicable.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 2

CANCELLING PSC NO.

First Revised SHEET NO. 2

CLASSIFICATION OF SERVICE
Schedule 2 – Three-Phase Demand
Commercial, Large Power & Public Buildings 0 – 1,000 KW

APPLICABLE

To entire territory served.

AVAILABLE

For all three-phase customers with a metered demand 0 – 1,000 KW for all uses.

TYPE OF SERVICE

The electric service furnished under this schedule will be three-phase, 60 cycle, alternating current at available nominal voltage.

AGREEMENT

An "Agreement for Purchase of Power" may be required by the customer for service under this schedule. The minimum monthly charge shall be in accordance with investment to serve and as mutually agreed to by both parties.

	<u>ALL OTHER CUSTOMERS</u>	<u>(N) GRANDFATHERED CUSTOMER</u>
<u>MONTHLY RATE</u>		
Customer Charge	\$25.00	\$25.00
Plus Demand Charge of:		
Per KW of billing demand.....	\$ 3.50	\$ 3.50
Plus Energy Charges of:		
(I) First 200 KWH per KW, per KWH.....	.05320	.0502
(R) Next 200 KWH per KW, per KWH.....	.038	.035
(R) All Over 400 KWH per KW, per KWH033	.03

TAXES AND FEES

School Taxes added if applicable.

Sales Taxes added if applicable.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO

SIGNATURE OF OFFICER

Exhibit 3, Page 3

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 3

CANCELLING PSC NO.

Original SHEET NO. 3

CLASSIFICATION OF SERVICE

Schedule 3 – Three-Phase Demand – Large Power 1,001 KW & Over (Non-Dedicated Delivery Points)

(T)

APPLICABLE

To entire territory served.

AVAILABLE

To customers located on or near the corporation's three-phase lines for service at standard distribution voltages and which have a Metered or Contractual Demand of 1,001 KW and over.

Any service provided under this tariff shall be for a minimum of twelve (12) consecutive months, whereby the customer will be billed a minimum of 1,001 KW for next twelve (12) months.

TYPE OF SERVICE

The electric service furnished under this schedule will be three-phase, 60 cycle, alternating current at available nominal voltage.

MONTHLY RATE

Option A – High Load Factor (above 50%):

(I) Customer Charge\$575.00

Plus Demand Charge of:

(R) Per KW of Billing Demand\$8.00

Plus Energy Charges of:

(R) First 200 KWH per KW, per KWH\$.0275

(R) Next 200 KWH per KW, per KWH\$.0250

(R) All Over 400 KWH per KW, per KWH\$.0230

Primary Service Discount\$.50/KW

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO

SIGNATURE OF OFFICER

Exhibit 3, Page 4

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 3A

CANCELLING PSC NO.

First Revised SHEET NO. 3A

CLASSIFICATION OF SERVICE

Schedule 3 - Three-Phase Demand - Large Power 1,001 KW & Over (Non-Dedicated Delivery Points)

- (I) Option B - Low Load Factor (below 50%):
Customer Charge \$575.00
(R) Plus Demand Charge of:
Per KW of Billing Demand \$4.30
Plus Energy Charges of:
(R) First 150 KWH per KW, per KWH \$.04
(R) Over 150 KWH per KW, per KWH \$.036
Primary Service Discount \$.50/KW

TAXES AND FEES

School Taxes if applicable.
Kentucky Sales Tax if applicable.

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

AGREEMENT

An "Agreement for Purchase of Power" shall be executed by the customer for service under this schedule. The minimum monthly charge shall be in accordance with investment to serve and as mutually agreed to by both parties.

OPTION A OR B RATE SELECTION

The option chosen by the customer will remain in effect for a minimum of twelve months. Thereafter, the customer may, upon request, transfer from one option to the other after twelve months of service under the option previously chosen.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 3B

CANCELLING PSC NO.

First Revised SHEET NO. 3B

CLASSIFICATION OF SERVICE

Schedule 3 - Three-Phase Demand - Large Power 1,001 KW (Non-Dedicated Delivery Points)

(T)

DETERMINATION OF BILLING DEMAND

The billing demand shall be the greater of the actual maximum kilowatt demand used by the customer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered as indicated or recorded by a demand meter or the minimum contract demand, which must equal or exceed 1,001 KW.

POWER FACTOR ADJUSTMENT

The customer agrees to maintain a power factor as nearly as practical to unity. The Company will permit the use of apparatus which shall result, during normal operation, in a power factor not lower than 90%.

At Kenergy's option, in lieu of the customers providing the above corrective equipment, when power factor is less than 90%, Kenergy may adjust the maximum measured demand for billing purposes in accordance with the following formula:

Max. Measured KW x 90% / Power Factor (%)

The power factor shall be measured at time of maximum load.

PRIMARY SERVICE DISCOUNT

If service is furnished at primary distribution voltage, a discount of \$.50 per KW of Billing Demand will be applied to the monthly bill. The Cooperative shall have the option of metering at primary or secondary voltage.

TERMS OF PAYMENT

The above rates are net, the gross rate being five percent (5%) greater. In the event the current monthly bill is not paid within twenty (20) days from the date of the bill, the gross rate will apply.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005
ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 4

CANCELLING PSC NO.

SHEET NO.

CLASSIFICATION OF SERVICE

Schedule 4 – All Commercial Single Phase Service

(N)

APPLICABLE

To entire territory served.

TYPE OF SERVICE – Single phase and three-phase with secondary voltages available in the vicinity or agreed by distributor.

MONTHLY RATE

Customer Charge per delivery point.....\$12.00

Energy Charge per KWH.....0.056769

TAXES AND FEES

School Taxes added if applicable.
Kentucky Sales Taxes to be added to bill if applicable.

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

TERMS OF PAYMENT

The above rates are net, the gross rate being five percent (5%) greater. In the event the current monthly bill is not paid within twenty (20) days from the date of the bill, the gross rate shall apply.

The gross rate charge will be forgiven on one bill each calendar year on all customers in this class of service.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005
ISSUED BY Mark A. T. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 5 - 10

CANCELLING PSC NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

FOR FUTURE USE

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO

SIGNATURE OF OFFICER

Exhibit 3, Page 8

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 12A

CANCELLING PSC NO. _____

First Revised SHEET NO. 12A

CLASSIFICATION OF SERVICE
Schedule 12 – Street Lighting

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

TERMS OF PAYMENT

The above rates are net, the gross rate being five (5%) greater. In the event the current monthly bill is not paid within twenty (20) days from the date of the bill, the gross rate will apply.

UNDERGROUND SERVICE WITH NON-STANDARD POLE

For service to governmental entities and street lighting districts with underground service on aluminum or fiberglass poles, an additional charge of \$4.45 per month per pole will be added to the standard charges for street lighting.

OVERHEAD SERVICE TO STREET LIGHTING DISTRICTS SERVED PURSUANT TO KRS 179.470

For service to street lighting districts utilizing standard overhead facilities, an additional charge of \$1.85 per month per pole will be added to the standard charges for street lighting.

(D)

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER

Exhibit 3, Page 9

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 22

CANCELLING PSC NO.

Original SHEET NO. 22

CLASSIFICATION OF SERVICE
Schedule 22 - Wholesale Discount Adjustment Rider (WDAR)

SECTION 1

BILLINGS TO CUSTOMERS SERVED FROM NON-DEDICATED DELIVERY POINTS

Billings computed pursuant to rate schedules to which this is applicable shall be decreased during each refund month by the following wholesale discount adjustment rider factor applied to each kilowatt-hour sold:

Wholesale Discount Adjustment Rider (WDAR) = RA (m) / P (m)

(T) Where RA is the monthly credit from the seller's wholesale power supplier for all non-dedicated delivery points for WDAR (plus any over/under recovery from the prior refund) and P is the total KWH purchased, less line losses equal to a twelve-month moving average not to exceed ten percent (10%). (m) period shall be the first month preceding the month in which the WDAR is refunded.

SECTION 2

BILLINGS TO CUSTOMERS SERVED FROM DEDICATED DELIVERY POINTS (NO LINE LOSSES TO SELLER)

Billings computed pursuant to rate schedules or special contracts to which this WDAR is applicable shall be decreased during each month equal to the amount refunded to the seller for the customer's dedicated delivery point by the wholesale power supplier for WDAR.

RATE APPLICATION

Rate schedule (Section 1) above shall apply to Kenergy Corp. rate schedules residential, commercial-single phase, three-phase demand (0 - 1,000 KW), three-phase demand (1,000 KW & Over), individual, street lights, decorative area lighting, and commercial exterior and rate schedule (Section 2) above shall apply to rate schedules for dedicated delivery point Class B & C customers.

TARIFF TERMINATION

This WDAR shall be terminated at the time Big River's WDAR is terminated.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 31

CANCELLING PSC NO.

Original SHEET NO. 31

CLASSIFICATION OF SERVICE

Schedule 31 – Dedicated Delivery Point Class C

(T)

AVAILABLE

(T) This rate shall apply to large customers where service is provided through a dedicated substation connected to the 69 kv. transmission system of Big Rivers or other accessible system.

CONDITIONS OF SERVICE

An "Agreement for Purchase of Power" shall be signed by any new customer prior to service under this rate.

CHARACTER OF SERVICE

Service shall be the 60 Hz, 3-phase, at voltage as mutually agreed by the Seller.

DETERMINATION OF BILLING DEMAND

For all delivery points, the Billing Demand in kilowatts shall be the highest of: a) The customer's maximum integrated thirty-minute demand at such delivery point during each billing month, determined by meters which record at the end of each thirty-minute period the integrated kilowatt demand during the preceding thirty minutes; or b) the Contract Demand.

POWER FACTOR ADJUSTMENT

The customer agrees to maintain a power factor as nearly as practical to unity. The company will permit the use of apparatus that shall result, during normal operation, in a power factor not lower than 90%. At the Company's option, in lieu of the customers providing the above corrective equipment when power factor is less than 90%, the Company may adjust the maximum measured demand for billing purposes in accordance with the following formula:

Max. Measured KW x 90% / Power Factor (%)

The power factor shall be measured at time of maximum load.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY [Signature] TITLE President and CEO SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Second Revised SHEET NO. 31A

CANCELLING PSC NO.

First Revised SHEET NO. 31A

CLASSIFICATION OF SERVICE

(T) Schedule 31 – Dedicated Delivery Point – Class C

METERING

Electrical usage will be metered at the transmission voltage supplied or at the customer’s secondary voltage with a 1.% adder to the metered KWH to account for transformer losses, as determined by Seller.

MONTHLY RATE

Customer Charge per delivery point.....\$100.00
Demand Charge per KW of Billing Demand\$ 10.15

Energy Charges:

(R) Per KWH 0.016715

Monthly Facilities Charge per Assigned Dollar 1.35%
of Investment by Kenergy in substation,
transformer, feeder, etc.

TAXES AND FEES

School Taxes added to bill if applicable.
Kentucky Sales Taxes added to bill if applicable.

FRANCHISE CHARGE

The rate herein provided shall include, where applicable, an additional charge for local government franchise payment determined in accordance with the Franchise Billing Plan as set forth in the rules and regulations of this tariff.

MINIMUM DEMAND CHARGE

The minimum demand charge shall be no less than the amount as specified in the “Agreement for Purchase of Power.”

TERMS OF PAYMENT

The above rates are net, the gross rate being five percent (5%) greater. In the event the current monthly bill is not paid within twenty (20) days from the date of the bill, the gross rate will apply.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Zoules TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 60-65

CANCELLING PSC NO.

SHEET NO.

RULES AND REGULATIONS

FOR FUTURE USE

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY [Signature] TITLE President and CEO
SIGNATURE OF OFFICER

Exhibit 3, Page 13

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED
Community, Town or City
PSC NO. 1
First Revised SHEET NO. 93
CANCELLING PSC NO.
Original SHEET NO.

RULES AND REGULATIONS
Schedule 93 - Temporary, Seasonal or Services of Questionable Tenure

Temporary, seasonal or services of questionable tenure shall be construed to mean a party or establishment whose need for electric service, both as to amount and permanency, cannot be reasonably assured and same shall include oil and coal facilities, farming operations, lakes, and summer cottages, recreational areas, campsites and construction sites, etc. A customer requesting such service will be required to pay an advance contribution in aid of construction equal to the cost of construction and removal of the facilities, excluding service drop, transformer(s) and metering. Based upon Cooperative's determination of the minimum annual KWH usage required to amortize the cost of such facilities over a ten-year period, customer's advance contribution will be refunded annually over a ten-year period, in ten equal amounts, for each year service is continued. The annual refund amount shall, however, be reduced to the extent that customer may fail to satisfy its designated minimum annual KWH usage. Should said service be discontinued for a period of 60 consecutive days, consumer shall forfeit any then remaining contribution which may be subject to refund.

Transformers and meters will be furnished by Kenergy except where requirements may be contrary to standard voltages, and in which case the transformer cost will be considered as materials as referred to above. Kenergy shall retain ownership of these facilities and provide necessary maintenance thereof.

- (I) A service charge of \$30.00 shall be applicable to any disconnecting or reconnecting of seasonal and temporary services.

When more than one customer requests service from the same distribution extension at the same time, a mutual agreement of shared cost between the customers may be approved by Kenergy. Costs incurred for the construction of temporary services in which all or a part of the facilities will be used for permanent service will then be based on the type of permanent service ultimately connected.

Special situations may arise for a special type of single-phase service, and in which case the service will be negotiated on an individual basis as to voltage, contribution, contract, etc.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005
ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 108

CANCELLING PSC NO.

Original SHEET NO. 108

RULES AND REGULATIONS
Schedule 108 – Meter Readings

- (a) Meters with demand devices shall be read monthly by Kenergy personnel. All other meters shall be read by the customer and readings supplied by the customer on the form provided. Such reading shall accompany customer's monthly payment and shall serve as the basis of the subsequent month's billing. Kenergy will read each customer-read meter at least once during each calendar year.
- (I) (b) Kenergy reserves the right to charge a customer a fee of \$30.00 for each trip required to read a meter when the customer has failed to correctly read the meter for three (3) consecutive billing periods and which fee shall appear on customer's subsequent monthly billing.
- (c) Registration of each meter shall read in the same units as used for billing unless a conversion factor is shown on the billing form.

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ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 110

CANCELLING PSC NO. _____

Original SHEET NO. 110

RULES AND REGULATIONS
Schedule 110 – Meter Tests

All new meters shall be checked for accuracy before installation. Kenergy will, at its own expense, make periodic tests and inspections of its meters in order to maintain a high standard of accuracy and to conform with the regulations of the Kentucky Public Service Commission. Kenergy will make additional test of meters at the request of the member upon payment of a \$40.00 fee if the meter has been tested within the past eight years. If the meter has not been tested within the past eight years, there will be no charge for the meter test. When the test is made at the customer's request shows the meter is accurate, within 2% slow or fast, no adjustment will be made to the customer's bill and the fee paid will be forfeited to help cover cost of the requested test. When the test shows the meter to be in excess of 2% slow or fast, appropriate adjustments will be made to the customer's bill. Refunds will be made in accordance with the Kentucky Public Service Commission General Rules 807 KAR 5:006 Section 10(2). If the test shows the meter to be more than 2% fast the \$45.00 fee paid by the customer shall be refunded.

(I)

FAILURE OF METER TO REGISTER OR METER TEST RESULTS ARE FAST OR SLOW

If test results on a customer's meter show an average error greater than two percent (2%) fast or slow, or if a customer has been incorrectly billed for any other reason, except in an instance where Kenergy has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a customer, Kenergy shall immediately determine the period during which the error has existed, and shall be recomputed and adjust the customer's bill to either provide a refund to the customer or collect an additional amount of revenue from the under billed customer. Kenergy shall readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If the customer and Kenergy are unable to agree on an estimate of the time period during which the error existed, the Kentucky Public Service Commission shall determine the issue. In all instances of customer over billing, the member's account shall be credited or the over billed amount refunded at the discretion of the customer within thirty (30) days after final meter test results. Kenergy shall not require customer repayment of any under billing to be made over a period shorter than a period coextensive with the under billing.

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Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 117C

CANCELLING PSC NO. _____

Original SHEET NO. 117C

RULES AND REGULATIONS

Schedule 117 - Deposits

- (e) The manner in which interest on deposits will be calculated and accrued and refunded or credited to customers' bills.

In accordance with subpart (7) above, Kenergy has adopted the following specific policies relative to deposits:

Residential

- (I) A deposit of \$150.00 is required for all residential customers. The deposit is refunded after three (3) years if they have established an acceptable payment record. Six (6) percent interest is applied to the customers account annually. A two-twelfth (2/12) deposit is required on residential customers who have an outstanding debt, have turned over to the credit bureau, filed bankruptcy or has a previous history of meter tampering.

Deposits for residential customers may be waived should the customer meet one of the criteria listed below:

- (a) The customer has established an acceptable credit record with Kenergy;
- (b) Provide an acceptable letter of credit from another utility for the past twelve (12) consecutive months service period.
- (c) An existing customer, with acceptable payment record, is willing to sign as a guarantor.

Commercial/Industrial

Commercial customers are required to pay a deposit not to exceed an average 2/12th's deposit. If no prior usage is available, there is a minimum deposit of \$150.00 required, or the customer can provide a load sheet and the deposit is based on the information provided. The deposit and/or guaranty are retained until the service is disconnected. Commercial customers are offered four methods of meeting the deposit requirement.

- (a) Cash (six (6) percent interest applied to the customer's account annually);

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Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 131

CANCELLING PSC NO.

Original SHEET NO. 131

RULES AND REGULATIONS
Schedule 131 - Special Charges

In accordance with 807 KAR 5:006 Section 8, Kenergy will make the following special nonrecurring charges to recover customer-specific costs incurred, which would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken.

- (I) (a) Turn-on Charge \$30.00 (overtime \$80.00) - A turn-on charge will be assessed for a seasonal or temporary service.
(I) (b) Reconnect Charge - \$30.00 (overtime \$80.00) - A reconnect charge will be assessed to reconnect a service which has been terminated for nonpayment of bills or violation of the Cooperative's rules or Kentucky Public Service Commission administrative regulations.
(I) (c) Termination or Field Collection Charge - \$30.00 (overtime \$80.00) - This charge will be assessed when a Cooperative representative makes a trip to the premises of a customer for the purpose of terminating service.
(I) (d) Special Meter Reading Charge - \$30.00 - This charge may be assessed when a customer requests that a meter be re-read, and the second reading shows the original reading was correct.
(I) (e) Meter Test Charge - \$45.00 - This charge will be assessed if a customer requests the meter be tested and the test shows the meter is not more than two (2) percent fast.

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SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 131 (Exh. A)

CANCELLING PSC NO.

Original SHEET NO. 131 (Exh. A)

RULES AND REGULATIONS
Schedule 131 – Special Charges

Special Charges:

Non-Worked Hours:	<u>Hours</u>	<u>Percent</u>
Total Hours	2,080	100.00%
Average Vacation	120	5.77%
Holidays	64	3.08%
Sick Leave Days	80	3.85%
Hours Worked	1,816	87.30%

For every \$100 of labor paid, \$87.30 is paid for work and \$12.70 is paid for non-working hours. The allocation for Office and Service employees is as follows:

	<u>Hourly Rate</u>	<u>Percent</u>	<u>Non-Working Hourly Amount</u>
Meter Reader/Service	\$19.27	12.70%	\$2.45
Office/Clerical	\$18.73	12.70%	\$2.38

Other Costs Based on Regular Labor Worked: **% of Regular Labor Worked**

Proforma Regular Wages	\$8,959,908	-	
Proforma Health, Life, Disability	\$2,403,814	-	26.83%
Proforma Pension	\$1,191,884	-	13.30%
Proforma Payroll Taxes	\$ 782,090	-	8.73%
Proforma Workers Comp.,	\$ 547,463	-	6.11%
			<u>54.97%</u>

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

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SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original SHEET NO. 131 (Exh. B)

CANCELLING PSC NO. _____

SHEET NO. _____

RULES AND REGULATIONS

Schedule 131 – Special Charges

Return Check Charge

		<u>Est. Hours</u>	<u>Per Hour</u>	<u>Amount</u>
No. of Hours Worked	0.25			
Direct Labor Charge		0.25	\$18.73	\$ 4.68
Non-Worked Overhead		0.25	\$ 2.38	\$ 0.60
Other Cost Based on Reg. Labor Worked	\$18.73	0.25	54.97%	\$ 2.57
Bank Charge				<u>\$ 3.00</u>
Total Charges			Total	<u>\$10.85</u> Use <u>\$10.00</u>

Turn-On, Reconnect, Termination, Special Meter Reading, Meter Test

	<u>Per Hour</u>	<u>Turn-On, Reconnect, Termination</u>	<u>Meter Reading</u>	<u>Overtime</u>	<u>Meter Tests</u>
Meter Reader/Service:					
No. of Hours		0.5	0.5	2	1
Direct Labor Charge	\$19.27	\$ 9.64	\$ 9.64	\$57.81 ¹	\$19.27
Non-Worked Overhead	\$ 2.45	\$ 1.22	\$ 1.22	N/A	\$ 2.45
Other Cost Based on Reg. Labor Worked	54.97%	\$ 5.30	\$ 5.30	\$ 7.48 ²	\$10.59
Mileage	Per Mile				
	10 \$ 0.40	\$ 4.00	\$ 4.00		\$ 4.00
	20 \$ 0.40			\$ 8.00	
Office Clerical:					
No. of Hours		0.33	0.33	0.33	0.33
Direct Labor Charge	\$18.73	\$ 6.18	\$ 6.18	\$ 6.18	\$ 6.18
Non-Worked Overhead	\$ 2.38	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.79
Other Cost Based on Reg. Labor Worked	54.97%	\$ 3.40	\$ 3.40	\$ 3.40	\$ 3.40
Total		<u>\$30.53</u>	<u>\$30.53</u>	<u>\$83.76</u>	<u>\$ 46.68</u>
Charge		<u>\$30.00</u>	<u>\$30.00</u>	<u>\$80.00</u>	<u>\$ 45.00</u>

¹ 2 hrs. x \$19.27 x 1.5

² 2 hrs. x \$19.27 x 19.41% (13.30% + 6.11%)

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ISSUED BY Mark A. Bailey TITLE President and CEO
SIGNATURE OF OFFICER

Exhibit 3, Page 20

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 132

CANCELLING PSC NO.

Original SHEET NO. 132

RULES AND REGULATIONS
Schedule 132 – Collection of Delinquent Accounts

- (I) Should it become necessary for the Cooperative to send a serviceman to the customer's premises for collection or disconnection of a delinquent account, there will be a one-time field collection charge of \$30.00 per trip, as stated in the second notice, which will be due and payable at the time such delinquent account is collected, provided service is either disconnected or account is collected, with the exception of those customers connected under the Winter Hardship Reconnection Provision of 807 KAR 5:006, Section 15.
- (I) In the event a customer is disconnected for non-payment of a delinquent account and requests a reconnection during regular working hours, a \$30.00 charge, payable in advance, will be made. After regular working hours, a \$80.00 charge, payable in advance, will be made. These charges include both the cost of disconnection and reconnection.

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ISSUED BY Mark A. Baird TITLE President and CEO
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Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 146

CANCELLING PSC NO.

Original SHEET NO. 146

RULES AND REGULATIONS

Schedule 146 – Cable Television Attachment Tariff

APPLICABLE

To entire territory served by Kenergy and on poles owned and used by Kenergy for its electric plant.

AVAILABLE

To all qualified CATV operators having the right to receive service.

RENTAL CHARGE

The annual rental charges shall be as follows:

- (R) Two-Party Pole Attachment\$ 4.26
- (R) Three-Party Pole Attachment\$ 3.43

- (R) Two-Party Anchor Attachment.....\$ 7.32
- (R) Three-Party Anchor Attachment.....\$ 4.88

BILLING

Rental charges shall be billed annually, in succeeding year, based on the total number of pole attachments and anchors in place as of end of the preceding calendar year, and shall be due and payable on or before the date specified thereon. The rental charges are net, the gross being five percent (5%) greater. Failure to pay when due shall require the issuance of a notice of intent to discontinue service. Failure of the CATV operator to receive a bill or a correctly calculated bill shall not relieve the CATV operator of its obligation to pay for the service it has received.

SPECIFICATIONS

- A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, current edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.

- B. The strength of poles covered by this agreement shall meet the design requirements specified by the National Electrical Safety Code.

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ISSUED BY Mark C. Bailey TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 146(Exh. C) (Page 1 of 3)

CANCELLING PSC NO.

Original SHEET NO. 146(Exh. C)

RULES AND REGULATIONS
Schedule 146 - Cable Television Attachment Tariff

CALCULATION OF ANNUAL POLE ATTACHMENT CHARGE

1. Annual Attachment Charge - Two-Party Pole

Annual Charge = [weighted avg. cost x .85 - n/a] x annual carrying charge x .1224

Annual Charge = \$316.03 x .85 x 12.97% x .1224

Annual Charge = \$4.26

2. Annual Attachment Charge - Three-Party Pole

Annual Charge = [weighted avg. cost x .85 - n/a] x annual carrying charge x .0759

Annual Fixed = \$409.52 x .85 x 12.97% x .0759

Annual Charge = \$3.43

1/1 Weighted Average Cost for Poles Determined as follows:

35'-40' Poles = installed plant cost at 5/31/04 of \$22,205,942 ÷ 70,266 poles; or an average cost of \$316.03 per pole

40'-45' Poles = installed plant cost at 5/31/04 of \$19,410,553 ÷ 47,398 poles; or an average cost of \$409.52 per pole.

1/2 Reduction factor for lesser appurtenances included in pole accounts per Page 8 of PSC Order in Case No. 251.

1/3 Ground wire cost is not included in pole cost records, therefore, subject reduction is not applicable.

1/4 See Sheet 14, Exhibit C.

1/5 Usable space factor per Page 13 of PSC Order in Case No. 251.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY [Signature] TITLE President and CEO
SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 146(Exh. C) (Page 2 of 3)

CANCELLING PSC NO.

Original SHEET NO. 146(Exh. C)

RULES AND REGULATIONS
Schedule 146 - Cable Television Attachment Tariff

CALCULATION OF ANNUAL ANCHOR ATTACHMENT CHARGE

1. Annual Attachment Charge - Two-Party Anchor

Annual Charge = [weighted average cost x annual carrying charge] / 2

Annual Charge = \$112.84 x 12.97% / 2

Annual Charge = \$7.32

2. Annual Attachment Charge - Three-Party Anchor

Annual Charge = [weighted average cost x annual carrying charge] / 3

Annual Charge = \$112.84 x 12.97% / 3

Annual Charge = \$4.88

/1 Weighted Average Cost for Anchors Determined as follows:

Installed plant cost of all anchors \$10,819,317 ÷ 95,881 anchors; or an average cost of \$112.84 per anchor as of 5/31/04.

/2 See Exhibit C.

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Bailey TITLE President and CEO SIGNATURE OF OFFICER



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

First Revised SHEET NO. 146(Exh. C)
(Page 3 of 3)

CANCELLING PSC NO.

Original SHEET NO. 146(Exh. C)

RULES AND REGULATIONS

Schedule 146 – Cable Television Attachment Tariff

PSC ADMINISTRATIVE CASE NO. 251

	<u>Percent</u>	Proforma Margins	Proforma Interest
1. Cost of Money:			
ROI as per last proforma income statement	4.56%	<u>(3,628,891 + 3,714,358)</u>	
Times Net-to-Gross Ratio	<u>.80*</u>	\$161,060,333	= 4.56%
Adjusted Rate of Return	<u>3.65%</u>	Net Investment Rate Base	
2. Operations and Maintenance Expense Per Proforma Income Statement:			
Exhibit 5, page 1, lines 19 & 20, column f	$\frac{\$10,739,133}{\$197,375,409} \times 100 =$	5.44%	
3. Depreciation Expense:			
Exhibit 5, page 1, line 25, column f	$\frac{\$5,606,313}{\$197,375,409} \times 100 =$	2.84%	
4. General Administrative Expense:			
	$\frac{\$2,045,803}{\$197,375,409} \times 100 =$	1.04%	
Annual Carrying Charges		12.97%	
* Net Plant Investment	$\frac{\$157,434,087}{\$197,375,409} = 80\%$		
Gross Plant Investment	\$197,375,409 (May 31, 2004)		

DATE OF ISSUE December 15, 2004 DATE EFFECTIVE January 15, 2005

ISSUED BY Mark A. Banley TITLE President and CEO
SIGNATURE OF OFFICER

Exhibit 3, Page 25

ISSUED BY AUTHORITY OF PSC ORDER NO. 2004-00446.

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Kenergy Cop.
Case No. 2004-00446
Proposed Tariff Changes

	(a)	(b)	(c)
1	<u>Present Monthly Rate Schedule</u>	<u>Proposed Monthly Rate Schedule</u>	
2	Schedule 1 - Residential & Grain Bin Service	Schedule 1 - Residential Service	
3	(Single & Three-Phase) & All Other Single Phase	(Single & Three-Phase)	
4			
5	Customer Charge	\$ 7.91	\$ 7.91
6	Energy Charge Per KWH	\$ 0.056073	\$ 0.056769
7	Wholesale Discount Adj. (1)	\$(0.000658)	\$(0.001354)
8	Net Per KWH	<u>\$ 0.055415</u>	<u>\$ 0.055415</u>
9			
10			
11	Schedule 4 - Future Use	Schedule 4 - All Other Single Phase	
12			
13			
14	Customer Charge	N/A	\$ 12.00
15	Energy Charge Per KWH	N/A	\$ 0.056769
16	Wholesale Discount Adj. (1)	N/A	<u>\$(0.001354)</u>
17	Net Per KWH	N/A	<u>\$ 0.055415</u>
18			
19			
20	Schedule 2 - Three-Phase Demand Commercial,	Schedule 2 - Three-Phase Demand Commercial,	
21	Large Power & Public Buildings 0 - 1,000 KW	Large Power & Public Buildings 0 - 1,000 KW	
22			<u>Grandfathered Customer (3)</u>
23	Customer Charge	\$ 25.00	\$ 25.00
24	All KW	\$ 3.50	\$ 3.50
25	First 200 KWH/KW	\$ 0.05292	\$ 0.0502
26	Next 200 KWH/KW	\$ 0.04232	\$ 0.0350
27	Over 400 KWH/KW	\$ 0.03920	\$ 0.0300
28	Primary Discount Per KW	\$ (0.50)	\$ (0.50)
29	Wholesale Discount Adj. (1)	\$(0.000658)	\$(0.001354)
30			
31			
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44			

**Kenergy Cop.
Case No. 2004-00446
Proposed Tariff Changes**

	(a)	(b)
1	<u>Present Monthly Rate Schedule</u>	<u>Proposed Monthly Rate Schedule</u>
2	Schedule 3 - Three-Phase Demand	Schedule 3 - Three-Phase Demand
3	Large Power 1,001 KW - 2,000 KW	Large Power 1,001 KW and Over
4	(Non-Dedicated Delivery Points)	(Non-Dedicated Delivery Points)
5		
6	Option A - High Load Factor	
7	Customer Charge	\$ 100.00
8		\$ 575.00
9	First 500 KW	(All KW) \$ 8.00
10	Over 500 KW	\$ 7.80
11	Primary Discount	\$ (0.50)
12		\$ (0.50)
13	First 200 KWH/KW	\$ 0.0310
14	Next 200 KWH/KW	\$ 0.0255
15	Over 400 KWH/KW	\$ 0.0230
16		\$ 0.0275
17	Wholesale Discount Adj. (1)	\$(0.000658)
18		\$(0.001354)
19	Option B - Low Load Factor	
20	Customer Charge	\$ 100.00
21		\$ 575.00
22	All KW	\$ 4.57
23	Primary Discount	\$ (0.50)
24		\$ (0.50)
25	First 150 KWH/KW	\$ 0.0419
26	Over 150 KWH/KW	\$ 0.0385
27		\$ 0.0400
28	Wholesale Discount Adj. (1)	\$(0.000658)
29		\$(0.001354)
30		
31	(1) Schedule 22 - Wholesale Discount Adjustment Rider	Schedule 22 - Wholesale Discount Adjustment Rider
32	Monthly Credit from the Seller's Wholesale Power	Monthly Credit from the Seller's Wholesale Power
33	Supplier for all Non-Dedicated Delivery Points	Supplier for all Non-Dedicated Delivery Points
34		
35	(Reduced 48.59%)	(Reduced 0%)
36		
37		
38		
39		
40		
41		
42		
43		
44		

**Kenergy Cop.
Case No. 2004-00446
Proposed Tariff Changes**

	(a)	(b)
<u>Present Monthly Rate Schedule</u>		<u>Proposed Monthly Rate Schedule</u>
Schedule 31 - Dedicated Delivery Point or 2,001 KW & Above (Non-Dedicated Delivery Points)		Schedule 31 - Dedicated Delivery Point Customers-Class C
Customer Charge	\$ 100.00	\$ 100.00
Demand Charge per KW of Billing Demand	\$ 10.15	\$ 10.15
Energy Charges:		
First 5,000,000 KWH, per KWH	\$ 0.018275	\$ 0.016715
Over 5,000,000 KWH, per KWH	\$ 0.016775	
Facilities Charge per Assigned Dollar of Investment by Kenergy in Substations, Transformers, Feeders, etc.	1.35%	1.35%
Schedule 33 - Large Industrial Customer Served Under Special Contract (Dedicated Delivery Points) Class C		This Schedule Discontinued, Two Customers Will Be Served Under Schedule 31
Demand Charge of: Per KW of Billing Demand	\$ 10.40	
Energy Charge of: Per KWH	\$ 0.016215	
Schedule 117 - Residential Deposits - Present		Schedule 117 - Residential Deposits - Proposed
Residential	\$ 75.00	\$ 150.00
Schedule 131 - Special Charges - Present		Schedule 131 - Special Charges - Proposed
Turn On - Regular	\$ 25.00	\$ 30.00
Reconnect, Termination, Overtime	\$ 70.00	\$ 80.00
Special Meter Reading Charge	\$ 25.00	\$ 30.00
Meter Test Charge	\$ 40.00	\$ 45.00
Schedule 146 - Cable Television Attachment Tariff		Schedule 146 - Cable Television Attachment Tariff
Two-Party Pole Attachment	\$ 4.74	\$ 4.26
Three-Party Pole Attachment	\$ 3.85	\$ 3.43
Two-Party Anchor Attachment	\$ 8.22	\$ 7.32
Three-Party Anchor Attachment	\$ 5.48	\$ 4.88

**THE APPLICATION OF KENERGY CORP.
FOR A REDUCTION IN REVENUE AND
ADJUSTMENT IN EXISTING RATES**

PSC CASE NO. 2004-00446

Kenergy Corp., 6402 Old Corydon Road, Henderson, KY 42420, filed an application for a reduction in revenue and adjustment in existing rates with the Kentucky Public Service Commission in Case No. 2004-00446. The rates contained in the application are rates proposed by Kenergy Corp.; however, the Kentucky Public Service Commission may order rates to be charged that differ from the rates contained therein.

The present and proposed rates are as follows:

(a)		(b)	
<u>Present Monthly Rate Schedule</u>		<u>Proposed Monthly Rate Schedule</u>	
Schedule 1 – Residential & Grain Bin Service (Single & Three-Phase) & All Other Single Phase		Schedule 1 – Residential Service (Single & Three-Phase)	
Customer Charge	\$7.91		\$7.91
Energy Charge Per KWH	\$ 0.056073		\$ 0.056769
Wholesale Discount Adj.	<u>\$(0.000658)</u>		<u>\$(0.001354)</u>
Net Per KWH	\$ 0.055415		\$ 0.055415
Schedule 4 – Future Use		Schedule 4 – All Other Single Phase	
Customer Charge	N/A		\$12.00
Energy Charge Per KWH	N/A		\$ 0.056769
Wholesale Discount Adj.	N/A		<u>\$(0.001354)</u>
Net Per KWH	N/A		\$ 0.055415
Schedule 2–Three-Phase Demand Commercial, Large Power & Public Buildings 0-1,000 KW		Schedule 2 – Three-Phase Demand Commercial, Large Power & Public Buildings 0-1,000 KW	
			Grandfathered Customer
Customer Charge	\$ 25.00	\$ 25.00	\$ 25.00
All KW	\$ 3.50	\$ 3.50	\$ 3.50
First 200 KWH/KW	\$ 0.05292	\$ 0.05320	\$ 0.0502
Next 200 KWH/KW	\$ 0.04232	\$ 0.03800	\$ 0.0350
Over 400 KWH/KW	\$ 0.03920	\$ 0.03300	\$ 0.0300
Primary Discount Per KW	\$ (0.50)	\$ (0.50)	\$ (0.50)
Wholesale Discount Adj.(1)	\$(0.000658)	\$(0.001354)	\$ (0.001354)
Schedule 3 – Three-Phase Demand Large Power 1,001 KW – 2,000 KW (Non-Dedicated Delivery Points)		Schedule 3 – Three-Phase Demand Large Power 1,001 KW and Over (Non-Dedicated Delivery Points)	
Option A – High Load Factor			
Customer Charge	\$ 100.00		\$ 575.00
First 500 KW	\$ 8.75	(All KW)	\$ 8.00
Over 500 KW	\$ 7.80		
Primary Discount	\$ (0.50)		\$ (0.50)
First 200 KWH/KW	\$ 0.0310		\$ 0.0275
Next 200 KWH/KW	\$ 0.0255		\$ 0.0250
Over 400 KWH/KW	\$ 0.0230		\$ 0.0230
Wholesale Discount Adj. (1)	\$(0.000658)		\$(0.001354)
Option B – Low Load Factor			
Customer Charge	\$ 100.00		\$ 575.00

All KW	\$ 4.57	\$ 4.30
Primary Discount	\$ (0.50)	\$ (0.50)
First 150 KWH/KW	\$ 0.0419	\$ 0.0400
Over 150 KWH/KW	\$ 0.0385	\$ 0.0360
Wholesale Discount Adj. (1)	\$(0.000658)	\$(0.001354)

(1) Schedule 22–Wholesale Discount Adjustment Rider
Monthly Credit from the Seller’s Wholesale Power
Supplier for All Non-Dedicated Delivery Points

(Reduced 48.59%)

Schedule 22–Wholesale Discount Adjustment Rider
Monthly Credit from the Seller’s Wholesale Power
Supplier for All Non-Dedicated delivery points

(Reduced 0%)

**Schedule 31 – Dedicated Delivery Point
or 2,001 KW & Above
(Non-Dedicated Delivery Points)**

Customer Charge	\$ 100.00
Demand Charge Per KW of Billing Demand	\$ 10.15

**Schedule 31 – Dedicated Delivery Point
Customers – Class C**

Customer Charge	\$ 100.00
Demand Charge Per KW of Billing Demand	\$ 10.15

Energy Charges:

First 5,000,000 KWH, per KWH	\$ 0.018275	(All KWH) \$ 0.016715
Over 5,000,000 KWH, per KWH	\$ 0.016775	

Facilities Charge Per Assigned Dollar
of Investment by Kenergy in Substations,
Transformers, Feeders, Etc.

1.35%

1.35%

**Schedule 33 – Large Industrial Customer Served
Under Special Contract (Dedicated Delivery Points)
Class C**

**Schedule Discontinued. Two Customers Will Be
Served Under Schedule 31.**

Demand Charge of:

Per KW of Billing Demand	\$ 10.40
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Energy Charge of:

Per KWH	\$ 0.016215
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Schedule 117 – Residential Deposits – Present

Residential	\$ 75.00
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Schedule 117 – Residential Deposits – Proposed

Residential	\$ 150.00
-------------	-----------

Schedule 131 – Special Charges – Present

Turn On – Regular	\$ 25.00
Reconnect, Termination, Overtime	\$ 70.00
Special Meter Reading Charge	\$ 25.00
Meter Test Charge	\$ 40.00

Schedule 131 – Special Charges – Proposed

Turn On – Regular	\$ 30.00
Reconnect, Termination, Overtime	\$ 80.00
Special Meter Reading Charge	\$ 30.00
Meter Test Charge	\$ 45.00

Schedule 146 – Cable Television Attachment Tariff

Two-Party Pole Attachment	\$ 4.74
Three-Party Pole Attachment	\$ 3.85
Two-Party Anchor Attachment	\$ 8.22
Three-Party Anchor Attachment	\$ 5.48

Schedule 146 – Cable Television Attachment Tariff

Two-Party Pole Attachment	\$ 4.26
Three-Party Pole Attachment	\$ 3.43
Two-Party Anchor Attachment	\$ 7.32
Three-Party Anchor Attachment	\$ 4.88

The amount and percent of change by rate class are as follows:

<u>Rate Class</u>	<u>(Decrease) Dollars</u>	<u>Percent of Change</u>
Residential	\$ 4,859	0.01%
All Other Single-Phase	\$ 262,978	4.6%
Three-Phase (less than 1,000 KW)	\$(437,936)	(4.1%)
Three-Phase (1,000 KW & Over)	\$(142,850)	(3.6%)
Unmetered Lighting	\$ (3,803)	(0.31%)

<u>Rate Class</u>	<u>(Decrease) Dollars</u>	<u>Percent of Change</u>
Direct Served – Class A	0	0
Direct Served – Class B	0	0
Direct Served – Class C	\$(258,041)	(2.8%)
Special Charges	\$ 50,756	18.9%
Cable Television Attachment	\$ (4,455)	(8.6%)

The effect of the proposed rates on the average monthly bill by rate class is as follows:

<u>Rate Class</u>	<u>Normalized</u>	<u>Proposed</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Residential	\$ 76.93	\$ 76.93	0	0
All Other Single-Phase	\$ 78.88	\$ 82.48	\$ 3.60	4.6%
Three-Phase (less than 1,000 KW)	\$ 1,132.34	\$ 1,086.08	\$ (46.26)	(4.1%)
Three-Phase (1,000 KW & Over)	\$27,934.35	\$26,942.33	\$ (992.02)	(3.6%)
Direct Served – Class C	\$59,188.77	\$57,534.66	\$ (1,654.11)	(2.8%)

Any corporation, association, body politic or person may by motion within thirty (30) days after publication of this notice request to intervene in the proceeding before the Kentucky Public Service Commission. That motion must be submitted to the Kentucky Public Service Commission, Post Office Box 615, 211 Sower Boulevard, Frankfort, KY 40601, and shall set forth the grounds for the request, including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown. Intervenor may obtain copies of the application filed by contacting Kenergy Corp., 6402 Old Corydon Road, Henderson, KY 42420, or by calling (270) 826-3991.

A copy of the application is available for public inspection at Kenergy's office at the above stated address or at one of its branch offices at Post Office Box 99, U. S. Highway 60, Hawesville, KY 42348; Post Office Box 73, Highway 231, Hartford, KY 42347; Post Office Box 327, Old Hanson Road, Hanson, KY 42413; 703 Main Street, Marion, KY 42064; or Post Office Box 1389, Owensboro, KY 42302.

By: Mark A. Bailey, President and CEO

Kenergy Corp.
Adjusted Income Statement
Case No. 2004-00446

Line No.	(a) Item	(b) Test year ending 5/31/2004	(c) Normalize Revenues & Power costs (1)	(d) Adjusted	(e) Proforma Revenues & Expenses (1)	(f) Adjusted
1	Operating Revenue:					
2	Non-Direct Served - Base Rate - Billed	63,454,673	856,535	64,311,208	406,734	64,717,942
3	Non-Direct Served - Consolidation Credit	(2,517,620)	2,517,620	0		0
4	Non-Direct Served - Wholesale Discount Adj.	(687,402)	(9,133)	(696,535)	(723,484)	(1,420,019)
5	Non-Direct Served - Unbilled Revenue Impact	1,206,687	(300,000)	906,687		906,687
6	Direct Served - Base Rate	217,405,917	(127,025)	217,278,892	(258,041)	217,020,851
7	Direct Served - Wholesale Discount Adj.	(1,022,467)		(1,022,467)		(1,022,467)
8	Other Revenue	1,246,349	(109,670)	1,136,679	46,300	1,182,979
9	Total Operating Revenue	<u>279,086,137</u>	<u>2,828,327</u>	<u>281,914,464</u>	<u>(528,491)</u>	<u>281,385,973</u>
10	Operating Expenses:					
11	Purchased Power:					
12	Non-Direct Served - Base Rate	39,754,010	506,825	40,260,835		40,260,835
13	Non-Direct Served - Wholesale Discount Adj.	(1,357,654)	(62,365)	(1,420,019)		(1,420,019)
14	Direct Served - Base Rate	215,458,069	0	215,458,069		215,458,069
15	Direct Served - Wholesale Discount Adj.	(1,022,467)		(1,022,467)		(1,022,467)
16	Subtotal	<u>252,831,958</u>	<u>444,460</u>	<u>253,276,418</u>	<u>0</u>	<u>253,276,418</u>
17	Less Office Use	(97,955)		(97,955)		(97,955)
18	Total Purchased Power	<u>252,734,004</u>	<u>444,460</u>	<u>253,178,464</u>	<u>0</u>	<u>253,178,464</u>
19	Distribution - Operation	3,290,567		3,290,567	40,671	3,331,238
20	Distribution - Maintenance	7,008,443		7,008,443	400,493	7,408,936
21	Consumer Accounts	2,640,901		2,640,901	90,458	2,731,359
22	Customer Service and Informational	139,124		139,124	4,311	143,435
23	Sales	165,464		165,464	2,517	167,981
24	Administrative and General	2,579,162		2,579,162	(533,069)	2,046,093
25	Depreciation	5,397,776		5,397,776	208,537	5,606,313
26	Tax Expense - Other	286,724		286,724	3,616	290,340
27	Interest on Long Term Debt	3,199,822		3,199,822	724,940	3,924,762
28	Interest Charged to Construction-Credit	(84,440)		(84,440)	0	(84,440)
29	Interest - Other	143,680		143,680	0	143,680
30	Other Deductions	49,550		49,550	(49,550)	0
31	Total O & M and Fixed	<u>24,816,773</u>	<u>0</u>	<u>24,816,773</u>	<u>892,924</u>	<u>25,709,697</u>
32						
33	Total Cost of Electric Service	<u>277,550,777</u>	<u>444,460</u>	<u>277,995,237</u>	<u>892,924</u>	<u>278,888,161</u>
34						
35	Operating Margins	1,535,361	2,383,867	3,919,228	(1,421,415)	2,497,813
36	Non-Operating Margins - Interest	987,061		987,061	(199,696)	787,365
37	Non-Operating Margins - Other	(56,706)		(56,706)	56,706	0
38	Non-Cash Capital Credits	120,664		120,664	9,686	130,350
39						
40	Total Margins	<u>2,586,380</u>	<u>2,383,867</u>	<u>4,970,247</u>	<u>(1,554,719)</u>	<u>3,415,528</u>
41						
42	Times Interest Earned Ratio(TIER)	1.81				1.87
43	Debt Service Coverage Ratio(DSC)	1.77				1.78
44	Operating TIER	1.48				1.64
45	Operating DSC	1.61				1.66
46						
47	Rural Utilities Service Mortgage Minimums(Average best two out of last three years)					
48	Times Interest Earned Ratio(TIER)	1.25				1.25
49	Debt Service Coverage Ratio(DSC)	1.25				1.25
50	Operating TIER	1.10				1.10
51	Operating DSC	1.10				1.10
52						
53	(1) See Exhibit 5, pages 2-28 for an explanation of each adjustment.					

**Kenergy Corp.
Case No. 2004-00446
Adjustment Recap**

Line No.	(a) Description	(b) Reference to Exhibit 5	(c) Non-Direct Revenue Base Rates	(d) Non-Direct Revenue Consol. Credit	(e) Non-Direct Revenue WDAR	(f) Unbilled Impact	(g) Non-Direct Power Cost Base Rates	(h) Non-Direct Power Cost WDAR	(i) Miscellaneous Revenue	(j) Direct Served Revenue Base Rates	(k) Direct Served Power Cost
1	Year-End Level of Customers	5	866,535		(9,133)		541,914				
2	Remove One-Time Unbilled Revenue	8				(300,000)					
3	Reclassify Grandfathered customer groups	9	(11,660)							4,865	
4	Remove Consolidation Credit	6		2,517,620							
5	Eliminate 48.59% WDAR reduction	7	723,484		(723,484)						
6	Proposed rate design changes to address class disparity	9	(311,217)							(262,906)	
7	Reduction of direct served classes A&B customer charge	10								(127,025)	
8	Miscellaneous revenues adjustment	11							(63,370)		
9	Miscellaneous rate design changes	9	6,127								
10	Normalize Power Cost for Prior Period Adjustments	12					(35,089)	(62,365)			
11	Labor Adjustment	13									
12	Labor Overhead Adjustment	14									
13	Contract Right-of-Way Adjustment	15									
14	Remove Deferred Compensation Entry	16									
15	Remove Psc disallowed expenses	17									
16	Remove Post retirement health ins. Adjustments	18									
17	Normalize outside vendor storm expense	19									
18	Depreciation - Distribution Plant Adjustment	20									
19	Depreciation - General Plant Adjustment	21									
20	Property Tax Adjustment	22									
21	Interest Adjustment	23									
22	PSC Assessment	24									
23	Adjust test year rate case expense	25									
24	Non-operating margins - interest adjustment	26									
25	Non-operating margins - other adjustment	27									
26	Non-Cash Capital Credit Adjustment	28									
27											
28	TOTAL		1,263,269	2,517,620	(732,617)	(300,000)	506,825	(62,365)	(63,370)	(385,066)	0
29											
30	Reference to appropriate line on Exhibit 5, Page 1, Column C OR E		2	3	4	5	12	13	8	6	14

Kenergy Corp.
Case No. 2004-00446
Adjustment Recap

Line No.	(a) Description	(b) Page Of Exhibit 5	Reference to	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)
				Interest Long Term Debt	Interest Construction	Interest Other	Other Deductions	Non-Op Interest	Non-Op Other	Non-Cash Capital Credits	Margin Impact
1	Year-End Level of Customers	5									305,488
2	Remove One-Time Unbilled Revenue	8									(300,000)
3	Reclassify Grandfathered customer groups	9									(6,795)
4	Remove Consolidation Credit	6									2,517,620
5	Eliminate 48.59% WDAR reduction	7									0
6	Proposed rate design changes to address class disparity	9									(574,123)
7	Reduction of direct served classes A&B customer charge	10									(127,025)
8	Miscellaneous revenues adjustment	11									(63,370)
9	Miscellaneous rate design changes	9									6,127
10	Normalize Power Cost for Prior Period Adjustments	12									97,454
11	Labor Adjustment	13									(8,900)
12	Labor Overhead Adjustment	14									(8,290)
13	Contract Right-of-Way Adjustment	15									(90,584)
14	Remove Deferred Compensation Entry	16									(86,145)
15	Remove Psc disallowed expenses	17									(418,739)
16	Remove Post retirement health ins. Adjustments	18						(279,672)	2,156		0
17	Normalize outside vendor storm expense	19						(49,550)	(406)		289,927
18	Depreciation - Distribution Plant Adjustment	20									(94,792)
19	Depreciation - General Plant Adjustment	21							(475)		93,537
20	Property Tax Adjustment	22							(6)		(173,802)
21	Interest Adjustment	23									(35,210)
22	PSC Assessment	24									(21,930)
23	Adjust test year rate case expense	25									(724,940)
24	Non-operating margins - interest adjustment	26									18,308
25	Non-operating margins - other adjustment	27						79,976			45,853
26	Non-Cash Capital Credit Adjustment	28							72,627		79,976
27	TOTAL			724,940	0	0	(49,550)	(199,696)	56,706	9,686	9,686
28											829,148
29											
30	Reference to appropriate line on Exhibit 5, Page 1, Column C OR E			27	28	29	30	36	37	38	

Kenergy Corp.
Case No. 2004-00446
Year-End Level of Customer's

(a) Rate Code Description	(b) Customer's Billed: May-04	(c) 13 Month Average	(d) Avg. Less May-04	(e) Change times 12	(f) Average Bill W/O 4% Cr.	(g) (Col e x Col f) Revenue Adjustment	(h) Average KWH	(i) (Col e x Col h) Plus Line KWH Adjustment @4.66%	(j) Losses	(k) Test Year Avg. Cost Per KWH	(l) Power Cost Adjustment
Residential	45,316	44,970	346	4,150	\$76.93	\$319,260	1,245	5,168,286	5,422,037	\$0.034805	\$186,714
Commercial - Single Phase	5,880	5,820	60	720	\$75.81	\$54,583	1,226	882,994	926,347	\$0.034805	\$32,242
Former HUEC (0-50 KVA)	298	302	-4	-48	\$118.07	-\$5,667	1,811	-86,910	-91,177	\$0.034805	-\$3,173
Commercial - Three Phase (0-1,000 KW)	788	781	7	84	\$1,114.39	\$93,609	18,426	1,547,797	1,623,791	\$0.034805	\$56,516
Commercial - Three-Phase (1,001-2,000 KW)	11	10	1	12	***	***		7,329,143	7,688,988	\$0.034805	\$267,615
Pioneer Plastics	1	1	0	0							
Commercial - Three-Phase (2,000 & over KW)	1	1	0	0							
Direct Serves	18	18	0	0							
TOTAL	52,313	51,903	410	4,918		***		14,841,310	15,569,986		\$541,914
						Base rate revenue					\$886,535
						Wholesale discount adj.					\$ (9,133)

*** Refer to summary of revenue, exhibit 9, page 1, column j.

KENERGY CORP.
CASE NO. 2004-00446
ADJUSTMENT – EXPIRATION OF 4% CONSOLIDATION CREDIT

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The 4% consolidation credit expired September 2, 2004. This adjustment adds \$2,517,620 to test year revenues. See Exhibit 9, page 1, Summary of Revenue, column g, and the various consumption analyses by class in Exhibit 9, pages 2 to 15.

KENERGY CORP.
CASE NO. 2004-00446
REMOVE 48.59% REDUCTION OF THE WHOLESALE DISCOUNT ADJUSTMENT

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Rate Schedule 21, Wholesale Discount Adjustment Rider, currently provides for the monthly credit amount from the wholesale power supplier to be reduced 48.59% before the factor is calculated that appears on the customer's retail bill. This reduction was utilized to bring the base rates of the former Green River and Henderson-Union together in August 2001.

Kenergy is proposing to eliminate the 48.59% reduction and increase base rates to remain revenue neutral. This will allow the full credit to be shown on customer bills to prevent a revenue shortfall issue when the credit is discontinued by the wholesale power supplier.

Exhibit 9, page 1, Summary of Revenue, and the various consumption analyses on pages 2 - 15 by class detail the proposed changes to the wholesale discount adjustment and base rates. The total dollars are \$723,484. Kenergy has utilized the average of the monthly factors billed to customers during the test year factor of \$(.000658) divided by .4859 to arrive at the (.001354) factor. The difference between (.001354) and (.000658), which is (.000696), was added to the base rate.

The resulting proforma wholesale discount revenue dollars are (\$1,420,019). In order to synchronize revenue and power cost wholesale discount dollars, an adjustment of \$61,845 was made to test year non-direct served wholesale discount power cost.

KENERGY CORP.
CASE NO. 2004-00446
ADJUSTMENT TO REMOVE ONE-TIME
UNBILLED REVENUE ADJUSTMENT

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Kenergy has an unbooked asset at 12/31/03 representing unbilled revenue of approximately \$1,600,000 originating with the consolidation on July 1, 1999. Kenergy is recording a portion of this each year, with \$300,000 booked during the test year.

**KENERGY CORP.
CASE NO. 2004 - 00446
ADJUSTMENT - RATE DESIGN CHANGES**

1 Various rate design changes are being proposed by Kenergy to begin addressing the disparity
2 between customer classes and cost of service. Also, several groups of customers that were
3 grandfathered since August 2001 have proposed changes.

4
5 A summary of the proposed changes is as follows:
6 (See Exhibits 8 and 9 for a detailed explanation and calculation of amounts.)

**Exhibit 9
Page Reference**

7
8
9 Grandfathered Groups

10 Former HUEC 0-50 KVA customers - reduce customer charge from \$18 to \$12	\$ (21,378)	4
11 Former HUEC street light customers - increase to \$6.95 from \$4.30	\$ 4,916	10
12 Former HUEC 0-1,000 KW customer - move to 0-1,000 KW rate schedule	\$ 4,802	7
13 Former GREC direct-served customers - move to Schedule 31 rate schedule	<u>\$ 4,865</u>	14

14
15 TOTAL \$ (6,795)

16
17 Proposed changes to improve class rate disparity:

18 Proposed 4% reduction to 0-1,000 KW class	\$ (442,738)	5
19 Proposed 4% reduction to 1,001-2,000 KW class	\$ (148,976)	6
20 Proposed 4% reduction to Class C Direct Serves	\$ (262,906)	15
21 Proposed increase in customer charge from \$7.91 to \$12 for commercial single-phase class	\$ 284,356	3
22 Former GREC three-phase farm customers - increase customer charge from \$7.91 to \$12	\$ 4,859	2
23 Proposed decrease to unmetered lighting class	<u>\$ (8,718)</u>	11

24
25 TOTAL \$ (574,123)

26
27 Other:

28 Move one (1) over 2,000 KW customer to new rate lclass - 1,000 KW & over	<u>\$ 6,127</u>	8
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Kenergy Cop.
Case No. 2004-00446
Adjustment to Normalize Direct Served Classes A & B

1	New Customer Charges: (1)	
2		
3	Class A - \$2,650 per month x 12 x 2 customers	\$ 63,600
4		
5	Class B - \$1,050 per month x 12 x 3 customers	<u>\$ 37,800</u>
6		
7	Subtotal	<u>\$ 101,400</u>
8		
9	Test Year Customer Charges:	
10		
11	Class A - See Exhibit 9, page 12	\$ 144,820
12		
13	Class B - See Exhibit 9, page 13	<u>\$ 83,604</u>
14		
15	Subtotal	<u>\$ 228,424</u>
16		
17	Reduction to Yest Year Revenues	<u><u>\$ 127,024</u></u>

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(1) Per PSC Order in Case No. 2003-00165, effective April 22, 2004.

KENERGY CORP.											
Case No. 2004-00446											
Miscellaneous Revenues Adjustment											
Account No.	Description	(b) Test Year No.	(c) Proforma No.	(d) Charges		(f) Test Year Revenue	(g) Proforma Revenue		(h) Adjustment		(i) Percent
				Test Year	Proforma		Test Year	Proforma	Amount	Percent	
1	450.000 Forfeited discounts				5%	\$415,325	\$415,325	\$0	\$0	0.00%	
2	450.240 Forfeited discounts-class C				5%	\$6,511	\$6,511	\$0	\$0	0.00%	
3	Subtotal - forfeited discounts					\$421,836	\$421,836	\$0	\$0	0.00%	
4	Special Charges:										
5	451.000 Turn on service charge	57	57	\$25.00	\$30.00	\$1,425	\$1,710	\$285	\$285	20.00%	
6	451.100 Reconnect charge - regular	1,359	1,359	\$25.00	\$30.00	\$33,975	\$40,770	\$6,795	\$6,795	20.00%	
7	451.100 Reconnect charge - after hours	24	24	\$70.00	\$80.00	\$1,680	\$1,920	\$240	\$240	14.29%	
8	451.200 Terminate service charge	3,774	3,774	\$25.00	\$30.00	\$94,350	\$113,220	\$18,870	\$18,870	20.00%	
9	451.300 Meter reading charge	4,899	4,899	\$25.00	\$30.00	\$122,475	\$146,970	\$24,495	\$24,495	20.00%	
10	451.400 Meter test charge	10	10	\$40.00	\$45.00	\$400	\$450	\$50	\$50	12.50%	
11	451.500 Returned check charge	1,527	1,527	\$10.00	\$10.00	\$15,270	\$15,270	\$0	\$0	0.00%	
12	451.600 Unnecessary trip - serviceman - reg.	0	0	\$40.00	\$45.00	\$0	\$0	\$0	\$0	#DIV/0!	
13	451.600 Unnecessary trip - serviceman - after hrs.	2	2	\$70.00	\$80.00	\$140	\$160	\$20	\$20	14.29%	
14	Subtotal - Special Charges					\$269,715	\$320,470	\$50,755	\$50,755	18.82%	
15	Telephone attachment fees:										
16	454.000 One time adjustment to year end receivable					\$148,237	\$0	-\$148,237	-\$148,237	(1) -100.00%	
17	454.000 Revenue from Bellsouth					\$282,321	\$320,888	\$38,567	\$38,567	13.66%	
18	454.110 Revenues from Others:					\$9,215	\$9,215	\$0	\$0	0.00%	
19	Subtotal - Telephone attachment fees					\$439,773	\$330,103	-\$109,670	-\$109,670	-24.94%	
20	Revenue Tower Leases:										
21	454.100 Revenues from various companies					\$48,800	\$48,800	\$0	\$0	0.00%	
22	Subtotal - Tower Leases					\$48,800	\$48,800	\$0	\$0	0.00%	
23	Cablevision attachment fees:										
24	454.110 Cable attachment fees - 2 party pole		7,788	\$4.74	\$4.26		\$33,177				
25	454.110 Cable attachment fees - 3 party pole		4,181	\$3.85	\$3.43		\$14,341				
26	Subtotal - Cable attachment fees					\$51,973	\$47,518	-\$4,455	-\$4,455	-8.57%	
27	Fiber Optic attachment fees:										
28	454.110 Revenues from Owensboro Municipal					\$1,254	\$1,254	\$0	\$0	0.00%	
29	Subtotal - Fiber Optic attachment fees					\$1,254	\$1,254	\$0	\$0	0.00%	
30											
31	456.000 Sales tax compensation fees					\$12,998	\$12,998	\$0	\$0	0.00%	
32	various Miscellaneous items					\$0	\$0	\$0	\$0	#DIV/0!	
33											
34	TOTAL					\$1,246,349	\$1,182,979	-\$63,370	-\$63,370	-5.08%	
35											
36	(1) During the test year, a one time adjustment was made to increase the receivable at 12/31/03 to the amount receivable from Bellsouth for the calendar year 2003. This resulted in a double recording of income during the test year.										
37											

KENERGY CORP.
CASE NO. 2004 - 00446
ADJUSTMENT TO NON-DEDICATED POWER COST

1 Remove billing adjustment recorded in December 2003 and March 2004 for:

	(a)	(b)	(c)	(d)	(e)	(f)
	KW Units	@\$7.37	KWH Units	@.0204	WDAR\$	Total Dollars
6 Sept. 2002	0	\$0	4,960	\$101	\$0	\$101
7 Oct. 2002	0	\$0	4,140	\$84	(\$2)	\$82
8 Nov. 2002	0	\$0	4,070	\$83	(\$2)	\$81
9 Dec. 2002	0	\$0	4,220	\$86	(\$2)	\$84
10 Jan. 2003	0	\$0	4,230	\$86	(\$2)	\$85
11 Feb. 2003	0	\$0	1,780	\$36	(\$2)	\$35
12 Mar. 2003	0	\$0	357,090	\$7,285	(\$1)	\$7,284
13 Apr. 2003	777	\$5,726	347,310	\$7,085	(\$170)	\$12,641
14 May 2003	887	\$6,537	391,080	\$7,978	(\$340)	\$14,175
15						
16	<u>1,664</u>	<u>\$12,264</u>	<u>1,118,880</u>	<u>\$22,825</u>	<u>(\$520)</u>	<u>\$34,568</u>

17
18
19
20 Adjustment to base rates:

21 \$12,264 - Line 16b above
22 \$22,825 - Line 16d above
23 \$35,089 - Exhibit 5, page 2, line 10, column g

24
25
26
27 Adjustment to WDAR:

28 (\$ 520) - Line 16e above
29 (\$61,845) - Exhibit 5, page 7, Line ? - synchronize revenue & power cost WDAR dollars.
30 \$ (62,365)

**Kenergy Corp.
Case No. 2004-00446
Labor Adjustment**

Line No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
								Before storm normalization & fema reimbursement		(line 34 below) 3 yr. avg.	Proforma	After storm normalization & fema reimbursement
1	Regular Wages:					January 1, 2005						
2	167 Full-Time Employees @	2,080	hrs. @			Avg. Hourly Rate	\$25.79	\$8,959,908				\$8,959,908
3	(employees at May 31st)											
4	Overtime Wages:											
5	Test Year Overtime Hours	33,761	hrs. @			January 1, 2005						
6	(excluding part-time)					Avg. Hourly Rate	\$ 36.11	\$1,219,092	30,032 hours @		\$ 36.11	\$ 1,084,456
7	Part-time Wages:								(see line 34 below)			
8	Test Year							\$134,895				\$134,895
9	Proforma Labor							\$10,313,894				\$10,179,258
10	Capitalized					(line 12h * col. d)		(col. f - col. e)		(line 34 below)	Proforma	(col. k - col. e)
11	Accounts Receivable	31.2039%	\$	3,057,258		Proforma Labor		Adjustment		3 yr. avg.	Adjustment	Adjustment
12	Non-Regulated	2.1580%	\$	211,434		Test Year Labor		\$161,079		32.8067%	\$3,319,120	\$ 261,862
13	Electric-Expensed	0.9239%	\$	90,521		Accounts Receivable		\$11,140		2.3633%	\$240,566	\$ 29,132
14		65.7142%	\$	6,438,467		Non-Regulated		\$4,769		0.9767%	\$99,421	\$ 8,900
15		100.0000%	\$	9,797,680		Electric-Expensed		\$339,226		64.0533%	\$6,520,151	\$ 81,684
16								\$516,214		100.0000%	\$ 10,179,258	\$ 381,578
17												
18												
19												
20												
21												
22												
23	Explanation:											
24	The adjustment reflects board approved increases to the pay grades of 3% on January 1, 2004											
25	and 4% on January 1, 2005. Individual pay adjustments were based on the employees performance rating											
26	and their current hourly rate relative to the established mid-point or market rate for their grade level.											
27	Including the merit and step adjustments increases the overall adjustment to approximately 5%.											
28												
29	Calculation of three year averages to normalize for storm repairs:											
30	overtime hours	% capitalized	% acct. rec.	% Non-regulated	% expensed							
31	Test year (1)	30,342	31.30%	2.18%	0.94%							
32	2003	30,410	32.67%	2.52%	0.98%							
33	2002	29,344	33.85%	2.39%	1.01%							
34	3 yr. avg.	30,032	32.61%	2.36%	0.98%							

(1) excluding fema reimbursement of \$119,555 and 3,419 overtime hours booked in June 2004.

Kenergy Corp.
Case No. 2004-00446
Labor Overheads Adjustment

(a) Line No.	(b) Item	(c)	(d)	(e) Test Year	(f) Proforma	(g) Change	(h) Percent	
1	Health,Dental, Life, & Disability Premiums			\$1,923,157	\$ 2,403,814	\$480,657	24.99%	
2	Pension Costs			\$1,234,156	\$ 1,191,884	-\$42,272	-3.43%	
3	Payroll Taxes			\$764,148	\$ 782,280	\$18,132	2.37%	
4	Worker's Compensation			\$681,259	\$ 547,751	-\$133,507	-19.60%	
5	Property Loss Insurance			\$156,955	\$ 108,080	-\$48,875	-31.14%	
6	Excess Liability Insurance			\$61,450	\$ 39,570	-\$21,880	-35.61%	
7				<u>\$4,821,125</u>	<u>\$5,073,379</u>	<u>\$252,254</u>	<u>5.23%</u>	
8								
9								
10								
11								
12								
13								
14	Capitalized	33.7684%	\$ 1,628,017	\$ 1,713,199	\$85,182	35.15%	\$ 1,783,293	\$ 155,276
15	Accounts Receivable	1.9536%	\$ 94,186	\$ 99,114	\$4,928	2.07%	\$ 105,019	\$ 10,833
16	Non-Regulated	0.9856%	\$ 47,517	\$ 50,003	\$2,486	1.10%	\$ 55,807	\$ 8,290
17	Electric-Expensed	63.2924%	\$ 3,051,406	\$ 3,211,064	\$159,658	61.68%	\$ 3,129,260	\$ 77,855
18		<u>100.0000%</u>	<u>\$ 4,821,125</u>	<u>\$ 5,073,379</u>	<u>\$252,254</u>	<u>100.00%</u>	<u>\$ 5,073,379</u>	<u>\$ 252,254</u>

Calculation of three year averages to normalize for storm repairs:

	Test Year(1)	% capitalized	% acct. rec.	% non. reg.	% expensed		
21							
22							
23	2003	36.28%	2.11%	1.14%	60.47%	100.00%	
24	2002	35.29%	2.13%	1.16%	61.42%	100.00%	
25	3 yr. avg.	35.15%	2.07%	1.10%	61.68%		

(1) excluding fema reimbursement of \$ 46,141 booked in June 2004.

Explanation:

Health, Dental, Life, & Disability Insurance

Health insurance premiums increased on January 1, 2004 approximately 15% and will increase another 10% on January 1, 2005. Kenergy employees will begin paying 5% of the health insurance premium effective January 1st, 2005.

Pension Costs

Kenergy's various pension plans are explained in the independent auditor's report in footnote 7 (See Exhibit 12). The pension expense for the defined benefit plan covering the former Green River employees hired prior to 1987 will decrease in 2004 to \$85,803 from \$238,000 for 2003. The contribution rate per payroll dollar required in 2004 for the defined benefit plan covering former Henderson-Union employees prior to July 1, 1999 will increase to 14.40% from 13.54% in 2004. For all other employees covered under the ongoing defined contribution plan, pension costs will increase correspondingly with the labor adjustment dollar increase.

Worker's Compensation

Class code 7540 decreased to \$5.18/\$100 payroll effective January 1, 2004 compared to \$8.77/\$100 payroll during 2003, a 41% decrease.

Property and excess liability insurance

Kenergy changed insurance carrier's to Federated effective April 1, 2004. Premium's for these items were simply lower than the previous carrier.

**KENERGY CORP.
CASE NO. 2004 - 00446**

PAYMENTS TO OUTSIDE CONTRACTORS - RIGHT-OF-WAY CLEARING/SPRAYING

1	Payments During Test Year	\$588,151
2		
3	Normalized Annual Amount	<u>\$1,006,890</u>
4		
5	Adjustment	<u>\$418,739</u>
6		
7		
8		

9 Normalized Annual Amount:

10 Kenergy has determined the amount of right-of-way clearing to be performed
11 by contractors will be substantially increased from the historical level.
12 This increase is deemed necessary to maintain right-of-way in a manner
13 consistent with prudent utility standards. A board-approved contract with
14 an out-of-state contractor has been in place since January 2004.
15 January 2004 through August 2004 payments are \$756,966 (including
16 \$257,120 for spraying). Adding the monthly average of \$62,481 for trimming
17 applied to the remaining four months (\$249,924) to the \$756,966 August
18 year-to-date total = \$1,006,890.

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Kenergy Corp.
Case No. 2004-00446
Adjustment - Remove One-Time
Deferred Compensation Writeup To Market Value

Writeup to Market Value \$ 279,672

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Entry made during test year:

	Debit	Credit
Electric Expensed - A&G	\$279,672	
Non-Operating Margins		\$279,672

This entry is reversed on the adjustment recap to remove its' impact from the test year.

Kenergy Corp.
Case No. 2004-00446
Schedule of Disallowed Expense Items Identified in Case No. 2003-00165
During Test Year Ending May 31, 2004

Item	(a)	(b) Total Cost	(c) Capitalized	(d) Accounts Receivable	(e) Non-Regulated	(f) Expensed
1 Board of Directors Costs:						
2 Monthly Board Retainer		\$ 85,800				
3 Extra Per Diem for Chairperson		\$ 1,300				
4 Expenses for Non-Designated Delegate &						
5 Alternate to Attend State & National Meetings		\$ 9,701				
6 Directors Emeritus		\$ 3,600				
7 Per Diem for Other Meetings		\$ 26,500				
8 Life Insurance		\$ 792				
9						
10 Total Board Costs		<u>\$ 127,693</u>	<u>\$ 31,898</u>	<u>\$ 1,149</u>	<u>\$ 702</u>	<u>\$ 93,944</u>
11		100.00%	24.98%	0.90%	0.55%	73.57%
12						
13						
14 Miscellaneous Costs:						
15 Donations (Account 426)		\$ 49,550	\$0	\$0	\$0	\$49,550
16		100%	0	\$ -	0	100%
17 Institutional Advertising (Touchstone)		\$ 25,840	\$ -	\$ -	\$ 36	\$ 25,804
18		100%	0.00%	0.00%	0.14%	99.86%
19 Elections & Credentials Costs		\$ 1,582	\$ 395	\$ 14	\$ 9	\$ 1,164
20		100%	24.98%	0.90%	0.55%	73.57%
21 Scholarships, Youth Tour, Basketball Tickets, & Christmas Gifts		\$ 21,063	\$ 5,285	\$ 190	\$ 122	\$ 15,467
		100%	25.09%	0.90%	0.58%	73.43%
24 Christmas Bonuses		\$ 29,932	\$ 12,018	\$ 620	\$ 443	\$ 16,852
25		100%	40.15%	2.07%	1.48%	56.30%
26 Perfect Attendance Awards		\$ 25,700	\$ 10,319	\$ 532	\$ 380	\$ 14,469
27		100%	40.15%	2.07%	1.48%	56.30%
28						
29 Total Miscellaneous		<u>\$ 153,667</u>	<u>\$ 28,016</u>	<u>\$ 1,355</u>	<u>\$ 990</u>	<u>\$ 123,305</u>
30						
31						
32						
33 Non-Recurring Professional Services Expense:						
34 One-Half Employee Survey		\$ 7,952				
35 CEO Search Costs		\$ 61,905				
36 Health Insurance - Attorney		\$ 11,344				
37		<u>\$ 81,201</u>	<u>\$ 20,503</u>	<u>\$ 747</u>	<u>\$ 463</u>	<u>\$ 59,488</u>
38		100%	25.25%	0.92%	0.57%	73.26%
39 Legal Fees - Big Rivers Bankruptcy		\$ 7,213				\$ 7,213
40 Legal Fees - Long Term Debt Refinancing		\$ 6,124				\$ 6,124
41 Legal Fees - Cumberland Valley Territorial Dispute		\$ 7,697				\$ 7,697
42						
43 Total Non-Recurring Professional Services Expenses		<u>\$ 102,235</u>	<u>\$ 20,503</u>	<u>\$ 747</u>	<u>\$ 463</u>	<u>\$ 80,522</u>
44						
45 Total Disallowed Expense Items Identified in Case		<u>\$ 383,595</u>	<u>\$ 80,417</u>	<u>\$ 3,252</u>	<u>\$ 2,156</u>	<u>\$ 297,771</u>
46 No. 2003-00165 During Test Year Ending May 31, 2004						
47						
48 Footnotes: See Exhibit 15B, page 2, for the percentage allocations during test year.						

Kenergy Corp.
Case No. 2004-00446
Removal of All Post Retirement Health Insurance
Adjustments During Test Year

1 Net impact of various adjustments to reduce liabilities for post retirement health insurance:

2		
3	Capitalized	\$95,663
4	Non-Regulated	406
5	Operations	22,217
6	Maintenance	30,136
7	Consumer Accounts	29,811
8	Customer Service	2,993
9	Sales	73
10	A&G	<u>9,156</u>
11		
12		<u>\$190,455</u>

13
14 The liability accounts and various capital and expense accounts were reduced during the test year.
15 Therefore, these amounts are added to test year expense totals to remove their impact. The
16 allocation factors were derived from the original entries made setting up the original liabilities based
17 on the account distribution of the retired employees. Kenergy does not offer any post retirement
18 benefits on active employees.

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KENERGY CORP.
CASE NO. 2004-00446
OUTSIDE VENDOR STORM REPAIR EXPENSE

1	Test Year Payments to Outside Vendors	\$127,263
2		
3	Three-Year Average	<u>\$33,726</u>
4		
5	Decrease to Test Year	<u><u>\$93,537</u></u>

6			
7			
8	Three-Year Average:		
9		2002	\$44,162
10		2003	\$0
11	12 Months Ending 5/31/04	<u>\$57,017</u>	(127,263 less FEMA reimbursement of \$70,246)
12		<u>\$101,179</u> /3	= <u><u>\$33,726</u></u>

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Kenergy Corp.
Case No. 2004-00446
Depreciation Adjustment

Line No.	(a) Description	(b) Account Number	(c) Balance 5/31/2004	(d) Depreciation Rate	(e) Proforma Depreciation
1	Land and Land Rights	360.000	\$654,043	n/a	0
2	Station	362.000	\$17,236,789	0.0310	\$534,340
3	Supervisory Control	362.100	\$2,054,557	0.0675	\$138,683
4	Microwave Equipment	362.200	\$2,042,458	0.0500	\$102,123
5	Microwave Towers	362.223	\$1,353,728	0.0310	\$41,966
6	Owensboro Fiber Loop	362.400	\$752,101	0.0675	\$50,767
7	Poles, Tower's, and Fixtures	364.000	\$52,082,792	0.0310	\$1,614,567
8	Overhead Conductor's and Devices	365.000	\$41,907,226	0.0310	\$1,299,124
9	Underground Conduit	366.000	\$14,166	0.0310	\$439
10	Underground Conductor and Devices	367.000	\$8,694,276	0.0310	\$269,523
11	Line Transformer's	368.000	\$24,982,461	0.0310	\$774,456
12	Services	369.000	\$14,762,665	0.0310	\$457,643
13	Meters	370.000	\$4,465,617	0.0310	\$138,434
14	Installation on Customer's Premises	371.000	\$2,677,552	0.0310	\$83,004
15	Street Lighting	373.000	\$506,566	0.0310	\$15,704
16					
17	Total - Distribution Plant		<u>\$174,186,997</u>		\$5,520,773
18					
19			Test year		<u>\$5,346,971</u>
20					
21			Adjustment		<u>\$173,802</u>

Kenergy Corp
Case No. 2004-00446
General Plant Depreciation Adjustment

Ledger Acct #	(a)	(b) Accumulated Depr. Acct No.	(c) Test year Depreciation	(d) Account Charged	(e) Proforma Depreciation	(f) Adjustment
390.000	Buildings	108.700	\$128,307	184.935	\$131,553	\$3,246
391.000	Office Equipment	108.710	\$101,882	184.403	\$108,416	\$6,533
392.000	Transportation	108.720	\$551,860	184.100	\$592,727	\$40,867
393.000	Stores	108.730	\$7,969	163.000	\$7,969	\$0
394.000	Working Tools	108.740	\$16,374	184.100	\$16,374	\$0
394.100		108.741	\$20,584	403.700	\$20,634	\$50
394.200			\$5,823	593.300	\$5,828	\$5
395.000	Laboratory	108.750	\$24,124	403.700	\$24,270	\$145
396.000	Power Operated	108.760	\$7,973	184.100	\$7,973	\$0
396.200			\$6,097	403.700	\$6,885	\$788
396.100		108.761	\$39,266	593.300	\$39,266	\$0
397.000	Communications	108.770	\$80,330	184.403	\$81,352	\$1,023
398.000	Miscellaneous	108.780	\$20,550	184.403	\$20,235	-\$315
			<u>\$1,011,140</u>		<u>\$1,063,482</u>	<u>\$52,342</u>
		Capitalized	\$283,186	28.01%	\$299,210	\$16,024
		Accounts Receivable	\$19,580	1.94%	\$20,688	\$1,108
		Non-Regulated	\$8,381	0.83%	\$8,856	\$475
		Expensed	<u>\$699,993</u>	<u>69.23%</u>	<u>\$734,728</u>	<u>\$34,735</u>
		TOTAL	<u>\$1,011,140</u>	<u>100.00%</u>	<u>\$1,063,482</u>	<u>\$52,342</u>

Explanation:

The unit method of depreciation is utilized for general plant items. The proforma depreciation was calculated utilizing 5/31/04 assets not fully depreciated times their respective depreciation rate. The majority of the adjustment results from transportation vehicles added during the test year, and therefore not having a full 12 month's depreciation.

Kenergy Corp.
Case No. 2004-00446
Property Tax Adjustment

Test Year Dollars \$1,299,711

Proforma Assessment:
 State:

	Rate	Proforma Assessment (1)	Proforma Dollars
Real Estate	\$0.0013	\$5,487,184	\$7,188
Tangible Property	\$0.0045	\$104,472,024	\$470,124
Manufacturing Machinery	\$0.0015	\$30,452,143	\$45,678
Intangibles	\$0.0025	\$2,133,297	\$5,333
		\$142,544,648	\$528,324

Counties times 1.5035 (2)
\$794,335

Total Proforma Dollars \$1,322,659

Adjustment \$22,947

Capitalized	4.39%	\$1,007
Accounts Receivable	0.05%	\$11
Non-Regulated	0.03%	\$6
Electric-Expensed	95.54%	\$21,924
	100.00%	\$22,947

Explanation:

(1) The proforma assessment dollars were based on 5/31/04 asset book values.

(2) Calculation of County/State Percentage:

2003 Property taxes - County	\$750,451.69
Divided by State assessment @ 12/31/03	\$499,141.00
	1.5035%

Kenergy Corp.
Case No. 2004-00446
Interest Expense Adjustment

	(a)	(b)	(c)	(on 12/08/04)	(d)	(e)	(f)	(g)	(h)
	O/S Principal at 05/31/04	Lender	Current Rates	Proforma Rates	Interest Renewal Date Starting At 8/02/04	Principal Maturity	Proforma Interest	Test Yr. Interest	Adjustment
1	\$ 200,428	RUS	2%	2%	N/A Fixed to Maturity	2003 - 2007	\$4,009		
2	\$ 19,659,161	RUS	5%	5%	N/A Fixed to Maturity	2009 - 2039	\$982,958		
3	\$ 2,472,144	RUS	5.125%	5.125%	N/A Fixed to Maturity	2033	\$126,697		
4	\$ 6,287,257	RUS	1.125%	2.000%	1 yr fixed 1/31/2005	2036	\$125,745		
5	\$ 28,300,895	RUS	1.125%	2.000%	1 yr fixed 3/31/2005	2036	\$566,018		
6	\$ 11,838,140	RUS	1.125%	2.000%	1 yr fixed 4/30/2005	2036	\$236,763		
7	\$ 8,221,700	RUS	1.625%	2.000%	1 yr fixed 7/31/2005	2036	\$164,434		
8	\$ 1,460,072	RUS	1.125%	2.000%	1 yr fixed 5/31/2005	2029	\$29,201		
9	\$ 1,840,408	RUS	4.625%	4.625%	Fixed until 12/31/2005	2032	\$85,119		
10	\$ 1,836,377	RUS	4.50%	4.50%	Fixed until 3/31/2007	2032	\$82,637		
11	\$ 1,515,054	RUS	4.00%	4.00%	Fixed until 8/31/2014	2032	\$60,602		
12	\$ (10,963,508)	RUS	5% (Eam)		N/A (Prepaid Debt Service)				
13	\$ 72,668,129	Total RUS					\$2,464,183		
14	\$ 1,951,819	RUS-ec. Devel.	0%						
15	\$ 6,000,000	FFB	1.734%	2.250%	Ec. Development Loans	2037	\$135,000		
16	\$ 5,000,000	FFB	1.734%	2.250%	90 day fixed until 1/03/05	2037	\$112,500		
17	\$ 11,000,000	Total FFB					\$247,500		
18	\$ 12,972,756	CoBank	3.05%	3.05%	Seven day variable rate	2017-2032	\$395,669		
19	\$ 1,482,689	CoBank	4.34%	4.34%	N/A Fixed to Maturity	2015	\$64,349		
20	\$ 1,113,602	CoBank	4.69%	4.69%	N/A Fixed to Maturity	2017	\$52,228		
21	\$ 1,946,804	CoBank	4.67%	4.67%	N/A Fixed to Maturity	2018	\$90,916		
22	\$ 1,707,933	CoBank	4.47%	4.47%	N/A Fixed to Maturity	2016	\$76,345		
23	\$ 6,125,326	CoBank	4.64%	4.64%	N/A Fixed to Maturity	2014	\$284,215		
24									
25	\$ 3,317,635	CFC(2)	3.05%	3.05%	Seven day variable rate	2007 - 2033	\$101,188		
26	\$ 28,666,746	Total Supplemental					\$1,064,910		
27	\$ (3,753,943)	RUS, CoBank & CFC principal due one year - (Line 45, Form 7)							
28									
29									
30									
31	\$ 110,532,752	Total Long-Term Debt (Line 41 - Form 7)					\$3,924,762	\$3,199,822	\$724,940
32									
33									
34									
35									

(1) Including .30% reduction for cash capital credit refunds
(2) These notes were refinanced with Cobank on August 26, 2004.

KENERGY CORP.
CASE NO. 2004-00446
ADJUSTMENT - PSC ASSESSMENT TAX

(a)	(b)
1 Proforma Revenues - Exhibit 5, Page 1, Line 9, Column f	\$281,387,044
2	
3 Proforma Power Costs - Exhibit 5, Page 1, Line 9, Column f	\$253,276,418
4	
5 Less One-Half	<u>(\$126,638,209)</u>
6	
7	<u>\$126,638,209</u>
8	
9 Proforma Accessable Revenues (Line 1 less 4)	\$154,748,835
10	
11 Times 2004 Tax Rate	<u>0.001726 (1)</u>
12 Proforma PSC Assessment Tax	<u>\$267,096</u>
13 Test Year PSC Assessment Tax	<u>\$285,404</u>
14	
15 Adjustment	<u><u>(\$18,308)</u></u>

16
17
18 (1) Tax paid July 2004 - $\frac{\$263,732.82}{\$152,800,010} = .001726$
19 Assessable Revenue \$152,800,010
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**Kenergy Cop.
Case No. 2004-00446
Adjustment for Rate Case Expense**

1	Rate Case Cost Expensed During Test Year	\$ 69,264
2		
3	Allowed Rate Case Cost - Case No. 2003-00165	<u>\$ 23,411</u>
4		
5	Reduction to Test Year A&G Expense	<u>\$ 45,853</u>
6		

7 During the test year (June 2003 - May 2004), payments to outside vendors
8 for costs that were expensed for Case No. 2003-00165 were \$69,264.

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KENERGY CORP.
CASE NO. 2004-00446
ADJUSTMENT TO NON-OPERATING MARGINS - INTEREST

1	RUS Cushion of Credit Balance @ 5/31/04		\$10,963,508	
2		times 5%	<u>0.05</u>	
3	Proforma Interest		\$548,175	
4				
5	Test-Year Interest		\$543,610	
6				
7		Adjustment	<u>\$4,565</u>	<u>\$4,565</u>
8				
9	Test Year Interest Income on Investment of Funds on a Short-Term Basis		\$56,700	
10				
11	Percentage Increase in Short-Term Rates:			
12	Average Rate During Test Year	= .0075		
13	Proforma Rate	= .0175		
14	Percentage Increase	= .0175/.0075 - 1	= <u>133%</u>	
15				
16		Adjustment	<u>\$75,411</u>	<u>\$75,411</u>
17				
18		Total Adjustment		<u><u>\$79,976</u></u>
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**KENERGY CORP.
CASE NO. 2004-00446
ADJUSTMENT TO NON-OPERATING MARGINS - OTHER**

1	Test Year Non-Operating Loss (Exhibit 5, page 1, line 37, column b)	<u>\$56,706</u>
2		
3	Remove Test Year Non-Regulated Activity Loss	\$16,701
4		
5		
6	Remove Test Year Loss from Equity Investment	\$3,830
7		
8	Remove Test Year Loss on Retirement of Hartford Office Building	\$35,996
9		
10	Remove Other Miscellaneous Items	\$179
11		
12	Remove Impact of Proforma Adjustments on Non-Regulated Activity	<u>\$15,921 (1)</u>
13		
14	TOTAL ADJUSTMENT	<u>\$72,627</u>
15		
16	(1)	
17	Margin Impact	
18	(Decrease) Increase	
19	Labor Adjustment	(\$8,900)
20	Labor OH's Adjustment	(\$8,290)
21	Disallowed Expenses	\$2,156
22	Post Retirement Health Insurance	(\$406)
23	General Plant Depreciation	(\$475)
24	Property Tax Adjustment	<u>(\$6)</u>
25		<u>(\$15,921)</u>
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Kenergy Corp.
Case No. 2004-00446
Non-Cash Capital Credit Allocations

1	CoBank Principal Balance at 5/31/04	\$28,666,746
2		times <u>0.0086</u>
3	Proforma Total Allocation	<u>\$246,534</u>
4		
5		times <u>50%</u>
6		
7	Proforma Non-Cash Allocation	<u>\$123,267</u>
8		
9		
10	Test Year Non-Cash Allocation Booked	<u>\$113,581</u>
11		
12	Adjustment Non-Cash Capital Credit Allocations	<u><u>\$9,686</u></u>
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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:)
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THE APPLICATION OF KENERGY CORP.) CASE No. 2004-00446
FOR A REDUCTION IN REVENUE AND)
ADJUSTMENT IN EXISTING RATES)

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TESTIMONY OF MARK A. BAILEY

Q1. Please state your name, business address and position with Kenergy.

A. Mark A. Bailey, 6402 Old Corydon Road, Henderson, Kentucky 42420. I am President and CEO of Kenergy.

Q2. How long have you been with Kenergy?

A. I began employment on May 1, 2004, and I became President and CEO on July 14, 2004.

Q3. What are your educational background and your experience in the electric industry?

A. I received a Bachelor of Science Degree in Electrical Engineering from Ohio Northern University in 1974 and a Master of Science Degree in Management from the Massachusetts Institute of Technology in 1988. I am a Registered Professional Engineer in the State of Ohio.

Before coming to Kenergy I worked for American Electric Power (“AEP”) where I began my career in 1974 as an Electrical Engineer. I held positions as Vice President of subsidiaries Ohio Power Company and Indiana Michigan Power Company until AEP’s re-organization in 1996 when I became Director-Regions with American Electric Power Service Corporation (“AEPSC”), also a subsidiary. I was Vice President of Transmission Asset Management for AEPSC from June 2000 until my move to Kenergy.

1 Q4. Have you previously submitted testimony before a regulatory agency?

2
3 A. Yes. I submitted testimony with the Arkansas Public Service Commission, the
4 Louisiana Public Service Commission, the Okalahoma Corporation Commission,
5 and the Public Utility Commission of Texas.
6

7 Q5. Prior to getting into the details of the present case, please briefly review
8 Kenergy's rate cases since its formation on July 1, 1999.
9

10 A. Prior to this case Kenergy has been involved in three (3) rate cases, being Case
11 No. 99-162, Case No. 2000-395 and Case No. 2003-00165.
12

13 Case No. 99-162 actually was pending when Kenergy was formed. The
14 application had been filed jointly by Kenergy's predecessors, Henderson Union
15 Electric Cooperative Corp. and Green River Electric Corporation, and sought a
16 4% consolidation credit rider for Kenergy's nondirect serve customers for five (5)
17 years. This rider was approved by the Commission and came into effect on
18 September 2, 1999. It expired on its own terms on September 1, 2004.
19

20 Kenergy's application in Case No. 2000-395 was filed pursuant to the
21 Commission's order in the above-mentioned first case. That directive also
22 required Kenergy to file a detailed cost of service study. The final order in the
23 case allowed Kenergy to increase nonrecurring and CATV charges approximately
24 \$370,000.00 annually and required Kenergy to reduce rates to Alcan, Century,
25 Commonwealth Aluminum, Kimberly Clark and Willamette (now Weyerhaeuser)
26 collectively in the approximate amount of \$252,000.00 annually. Kenergy's other
27 rates were not affected.
28

29 Kenergy's application in Case No. 2003-00165 also was filed pursuant to the
30 Commission's order in the immediately preceding case. Kenergy sought approval
31 of existing rates and did not seek any rate adjustment. The Commission ordered
32 Kenergy to further reduce the rates of Alcan, Century, Commonwealth
33 Aluminum, Kimberly Clark and Weyerhaeuser collectively in the approximate
34 amount of \$162,347.00 annually, which resulted in a Tier of 1.94 for the adjusted
35 test year. Kenergy's other rates were not affected.
36

37 Q6. What is the purpose of your testimony in this proceeding?
38

39 A. My testimony outlines the main points of Kenergy's Application and explains
40 how Kenergy is complying with the Commission's directives in this filing.

- 1 Q7. What are those directives?
2
- 3 A. The application in the instant case is being filed pursuant to the Commission's
4 order in Case No. 2003-00165. Kenergy was ordered to file a new rate case
5 application by December 31, 2004, to either extend the consolidation credit rider
6 to its customers or to propose an alternative methodology to pass the increase in
7 earnings to its ratepayers. The Commission also ordered Kenergy to begin
8 addressing the disparity between customer classes and cost of service.
9
- 10 Q8. Since the consolidation credit rider has expired, how does Kenergy propose to
11 pass the increase in earnings to its rate payers?
12
- 13 A. The consolidation credit rider amounted to approximately \$2.5 million annually.
14 However, pro forma adjustments for known and measurable changes limit the
15 amount of the increase in earnings that Kenergy believes is prudent to pass to its
16 ratepayers. Taking these adjustments into consideration, Kenergy believes an
17 annual reduction in revenue of approximately \$528,491.00 is both prudent and
18 reasonable. This results in a TIER of 1.87 as shown on the Adjusted Income
19 Statement attached as page 1 of "Exhibit 5" to the Application.
20
- 21 Q9. What are these pro forma adjustments?
22
- 23 A. The pro forma adjustments for both revenue and expenses are shown in column
24 (e) of the Adjusted Income Statement. The \$528,491.00 net annual reduction in
25 revenue is shown on line 9. The main added expense items are Distribution-
26 Maintenance, Depreciation and Interest on Long Term Debt. These adjustments
27 are addressed in the prepared testimony of Steve Thompson, which is attached to
28 the Application as "Exhibit 7."
29
- 30 Q10. Regarding Interest on Long Term Debt, how is Kenergy positioned if interest rates
31 increase?
32
- 33 Interest rates are on the rise and our pro forma rates may well prove to be
34 conservative. Approximately \$83 million of Kenergy's long term debt has short
35 term variable interest rates. Higher interest rates will immediately impact the
36 interest on this long term debt. Each 1% in additional interest that Kenergy is
37 required to pay adds approximately \$830,000.00 annually to its interest expense.
38
- 39 Q11. What steps are being taken by Kenergy to begin addressing the disparity between
40 customer classes and cost of service?

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A. Pursuant to the Commission’s order in Case No. 2003-00165 Kenergy is utilizing the same cost of service study in this case that was used in that earlier case. That cost of service study showed that residential and other single phase customers were being subsidized. The expiration of the consolidation credit rider had the effect of raising these rates approximately 4% as of September 2, 2004, and, to begin addressing the disparity, Kenergy proposes to leave this increase in place. Moreover, Kenergy proposes a new class of customers under Schedule 4 consisting of commercial single phase customers that will also have an increased customer charge.

The cost of service study showed that at the other end of the spectrum three phase commercial customers and Class C industrial customers, which have dedicated delivery points, were paying at a higher level than their cost of service. To being addressing this disparity Kenergy proposes to restore the 4% reduction to the three phase commercial customers and to also reduce the rates for Class C customers approximately 4%.

Detailed information about how Kenergy is beginning to address the disparity is included in the prepared testimony of consultant Jack D. Gaines, “Exhibit 8” to the Application, in his responses to questions 9 through 16.

Q12. What rate making principles is Kenergy attempting to follow in its proposed rate adjustments in this case?

A. In Kenergy’s earlier rate cases the Commission has repeatedly acknowledged that the concepts of revenue stability, rate continuity and gradualism are integral to the rate-making process. Kenergy concurs with this view and believes it has responsibly adhered to these concepts in the adjustments it proposes in this case.

Q13. If Kenergy’s proposals are accepted by the Commission, will Kenergy have rates that are fair, just, reasonable and nondiscriminatory?

A. Yes, I believe that if Kenergy’s proposals are approved by the Commission, this criteria will be satisfied.

Q14. Does this conclude your testimony at this time?

A. Yes.

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BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

13 IN THE MATTER OF:)
14)
15 THE APPLICATION OF KENERGY CORP.)
16 FOR A REDUCTION IN REVENUES AND) CASE NO. 2004-00446
17 ADJUSTMENT OF EXISTING RATES)
18)

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TESTIMONY OF STEVE THOMPSON

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

30 A. Steve Thompson, 6402 Old Corydon Road, Henderson, Kentucky 42420. I
31 am employed by Kenergy Corp. as Vice President of the Finance and
32 Accounting Department.

33 Q2. Please describe your educational and work experience background.

34 A. I received a Bachelor of Science degree with a major in Accounting from
35 Brescia University. I worked for a local accounting firm for two years and
36 am licensed as a certified public accountant by the Kentucky State Board of
37 Accountancy. I was employed by Green River Electric Corporation for 21
38 years in the positions of Supervisor of General Accounting and Assistant
39 Director of Accounting, and I have held my current position with Kenergy
40 Corp. since July 1, 1999.

41 Q3. Please explain to the Commission how your position at Kenergy Corp. has
42 involved you in the preparation of this application.

43 A. I have been involved in the preparation of this application since the outset at
44 the direction of Kenergy's President and CEO. My duties included developing
45 the information required in this application from the Company's records and
46 providing information to our rate design and cost of service consultant, JDG
47 Consulting LLC and our attorney, Frank N. King of Henderson, KY.

48 Q4. Have you previously testified before this Commission?

49 A. Yes, on several occasions.

50 Q5. Are you familiar with the exhibits to the application of Kenergy?
51
52
53
54
55

- 1 A. Yes. I am familiar with the contents of the application of Kenergy and all
2 exhibits to it. To the best of my knowledge and belief, all facts stated in the
3 exhibits and in the notice are true and correct.
4
- 5 Q6. How were the members of Kenergy notified of the rate changes proposed by
6 Kenergy in its notice and application before this Commission?
7
- 8 A. A copy of the notice utilized is shown in Exhibit 4. We will publish
9 appropriate notice of the hearing in this matter in accordance with
10 Commission regulations and the statutes of Kentucky.
11
- 12 Q7. Why has Kenergy requested changes in its rates?
13
- 14 A. Kenergy has requested changes to reallocate revenues among classes to
15 begin to address the rate disparity as directed by the Commission in Case
16 No. 2003-00165.
17
- 18 Q8. What period of time did you use as a test year for the purpose of
19 determining the result of the proposed rate changes upon the operations of
20 Kenergy?
21
- 22 A. We used the twelve-month period ending May 31, 2004. This test period
23 was used because it was the most recent twelve-month period available to
24 Kenergy when the cut-off had to be made in order to meet filing deadlines.
25
- 26 Q9. Will you please explain the effect that rate design changes proposed by
27 Kenergy will have upon the revenues of Kenergy, the total additional amount
28 of money resulting from the proposed increase, the percentage of change
29 and the effect upon the average customer's bill?
30
- 31 A. Based upon the test year ending May 31, 2004, the proposed changes in
32 Kenergy's rates will decrease Kenergy's total annual normalized revenues by
33 \$528,491 to \$281,385,973, representing a .19% decrease in total annual
34 revenues. Excluding direct served customers, Kenergy will realize a decrease
35 of \$270,450 from its non-direct served customers, decreasing total annual
36 revenues from those customers to \$65,387,589. Looking only at the non-
37 direct served classes, this represents a .4% decrease in total annual revenue.
38 The direct served customers would realize a decrease of \$258,041,
39 representing a .12% decrease. The percentage of change and the effect
40 upon the average bill by class is shown in Exhibit 4, page 3.
41
- 42 Q10. What proforma adjustments have been made to test year expense and non-
43 operating income that you are sponsoring?
44
- 45 A. The adjustments made are shown in Exhibit 5, on pages 11, 13-28.

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Q11. What effect will these adjustments have upon the operations of Kenergy?

A. These proposed adjustments reduce normalized margins by \$1,554,719.

Q12. Does this conclude your testimony?

A. Yes.

1 Regulatory Commission, the Kentucky Public Service Commission, the
2 Vermont Public Service Board, the Virginia State Corporation
3 Commission, the Georgia Public Service Commission, the Illinois
4 Commerce Commission, the New York Public Service Commission, the
5 West Virginia Public Service Commission, the Public Service
6 Commission of Maryland, the Delaware Public Service Commission and
7 the Federal Energy Regulatory Commission.

8 5. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
9 PROCEEDING?

10 A. The purpose of my testimony is to identify and describe the exhibits and
11 schedules that I am sponsoring including those prepared by me or by
12 Kenergy Corp under my direction. As ordered by the Commission in Case
13 No. 2003-00165, the cost of service study I prepared that was filed in that
14 case is the cost of service study being filed in the instant case in support of
15 the proposed adjustments to Kenergy's rates.

16 6. Q. PLEASE IDENTIFY THE EXHIBITS THAT YOU ARE SPONSORING.

17 A. I am sponsoring the following Supporting Exhibits that are attached to the
18 Application:

19 Adjustments to Rev. and Power Cost (Exh. 5, pages 5-10 & 12)

20 The Summary of Revenue (Exh. 9, page 1)

21 The Consumption Analysis (Exhibit 9, pages 2-15)

22 Kenergy's Proposed Tariffs (Exhibit 3A)

23 Cost of Service Study – (Exhibit 14)

1 **II. Supporting Exhibits**

2 7. Q. PLEASE DESCRIBE AND EXPLAIN THE SUPPORTING EXHIBITS.

3 A. The Summary of Revenue, page 1 of Exhibit 9, provides a
4 breakdown of customers, kWh sale and revenues by tariff, both per
5 books and adjusted. The Consumption Analysis provides for each
6 tariff a breakdown of annual billing determinants in accordance with
7 the tariff structure. The Schedule of the Adjustment for Year End
8 Level of Customers shows how kWh sales and revenues are
9 annualized to reflect the number of customers as of the end of the
10 test year, May 31, 2004. Exhibit 5 shows how adjusted Regular
11 Tariff power cost is determined including the removal of prior
12 period adjustments and the addition of purchased energy resulting
13 from the year end customer level adjustment. Exhibit 14 contains the
14 2002 cost of service study from Case No. 2003-00165.

15 8. Q. PLEASE DESCRIBE THE ADJUSTMENTS TO REVENUES
16 AND POWER COSTS THAT ARE REFLECTED IN COLUMN (c)
17 of PAGE 1 of EXHIBIT 5.

18 A. Revenues and power cost are adjusted for customer growth as shown on
19 page 5 of Exhibit 5. Power cost is also adjusted to remove out of period
20 adjustments as shown on page 12 of Exhibit 5. Consolidation Credit
21 revenues are eliminated to reflect the expiration of the Consolidation
22 Credit. Removal of the Unbilled Revenue is explained on page 8 of
23 Exhibit 5. Direct Serve Revenue is reduced to normalize the Class A and
24 Class B rate adjustments from Case No. 2003-00165 as shown on page 10
25 of Exhibit 5. Fees (Other Revenue) are adjusted as shown on page 11 of
26 Exhibit 5.

27

1 **II. Proposed Revenues, Rate Design and Class Revenue Distribution**

2 9. Q. IN ITS ORDER IN CASE NO. 2003-00165, THE COMMISSION
3 DIRECTED KENERGY TO ADDRESS THE REVENUES
4 ASSOCIATED WITH THE EXPIRATION OF THE
5 CONSOLIDATION CREDIT AND TO ADDRESS CLASS
6 PARITY ISSUES IN THIS RATE CASE. PLEASE DESCRIBE
7 GENERALLY HOW KENERGY HAS COMPLIED WITH THE
8 COMMISSION'S ORDER IN REGARD TO THESE TWO
9 ISSUES.

10 A. Based on the Test Year, Kenergy's revenue increases by \$2,517,620
11 per year with the expiration of the Consolidation Credit. With no
12 other adjustment to rates, Kenergy would expect its TIER to be 2.55
13 based on its adjusted test year. Kenergy has determined that a lower
14 TIER of 1.87 is sufficient at this time and that revenues can be
15 reduced from the currently effective level by \$528,491. To address
16 parity, Kenergy is proposing to increase revenues from a new small
17 commercial single phase class by \$284,356, from other
18 miscellaneous rate adjustments by \$25,569, and from fees by
19 \$46,300, a total of \$356,225. Combining the \$356,225 with the
20 \$528,491 overall reduction provides \$884,717 for targeted
21 reductions to Direct Serve Class C and to the three phase classes
22 whose rates have been shown by the cost of service studies in past
23 cases to be producing rates of return well above the system average.

24 10. Q. PLEASE DESCRIBE THE RATE ADJUSTMENTS ASSOCIATED
25 WITH THE WHOLESale DISCOUNT ADJUSTMENT (WDA).

26 A. Kenergy is presently passing through only 48.59% of the Big Rivers
27 wholesale discount. The other 51.41% was used by Kenergy to
28 expedite the consolidation of the former Henderson Union and
29 Green River rates. At this time, Kenergy is proposing to synchronize
30 its WDA with the Big Rivers credit. To do so, Kenergy is proposing

1 to apply 100% of the WDA and to offset the revenue reduction by a
2 corresponding equal increase in the base energy rates across each
3 applicable tariff except street and security lights. The change is
4 revenue neutral.

5 11. Q. PLEASE SUMMARIZE THE PROPOSED TARIFF CHANGES
6 AND CORRESPONDING SHIFTS IN TARIFF REVENUE
7 BEGINNING WITH SCHEDULE 1.

8 A. As shown on the Summary of Revenue, there is virtually no
9 proposed net change in revenues from the 45,000 customers that are
10 residential. The \$4,859 increase is the result of the proposed \$12.00
11 three phase facilities charge that affects approximately 99 three
12 phase farm accounts. The proposed \$12.00 three phase facilities
13 charge will also apply to the 298 former Henderson Union three
14 phase accounts that were grandfathered onto Schedule 1 but at an
15 \$18.00 facilities charge. These customers will see a decrease of
16 \$21,378. Otherwise, no changes are proposed for the Schedule 1
17 other than the expiration of the Consolidation Credit and to
18 synchronize the WDA.

19 12. Q. PLEASE EXPLAIN THE PROPOSED NEW TARIFF FOR
20 SINGLE PHASE SMALL COMMERCIAL

21 A. Kenergy serves approximately 5,800 non-farm, non-residential
22 single phase accounts on Schedule 1. As illustrated by Attachment 1
23 to my testimony, 68% of these “small commercial” accounts average
24 less than 500 kWh per month as compared to 22% of the residential
25 customers served on Schedule 1. The Schedule 1 facilities charge is
26 \$7.91 per month. In contrast, the customer related cost of service as
27 produced by Kenergy’s cost of service study is \$15.21 per month.
28 Due to the concentration of low use customers in the small
29 commercial sub-group combined with the low facilities charge
30 relative to customer cost, it is apparent that this small commercial

1 sub-group has been disproportionately causing the Schedule 1 class
2 subsidy. Therefore, Kenergy is proposing to set this group aside in a
3 separate tariff with a \$12.00 facilities charge. The energy charge will
4 remain the same as the Schedule 1 energy charge. The effect is to
5 increase revenues \$284,356, or 5.32% for this sub-group, which will
6 be under Schedule 4.

7 13. Q. PLEASE DESCRIBE THE CHANGES PROPOSED FOR THE
8 THREE PHASE TARIFFS.

9 A. For Schedules 2 and 3 Kenergy is essentially reducing the class
10 revenues back to where they were prior to expiration of the 4%
11 Consolidation Credit. However, all of the adjustment is being
12 applied to the energy charges and targeted more to higher load
13 factors. Therefore, the percentage reduction will be greater as load
14 factor increases. A new, intermediate three phase tariff is proposed
15 to accommodate a two stage transfer of a former Henderson Union
16 customer that would qualify for Schedule 2 (1,000 kW and below)
17 but had been grandfathered into Schedule 3 (1001 kW to 2,000; now
18 1,001 kW and above). The intermediate tariff structure is the same
19 as the Schedule 2 structure but with slightly lower energy charges.
20 Thus, that customer will see an increase of \$4,802, or 2.58% as a
21 result of this. Kenergy plans to complete the transition in its next
22 case. In addition, Kenergy is proposing to expand Schedule 3
23 applicability to all loads over 1000 kW that are not Direct Serve
24 customers. As a result, one customer who has been on Schedule 31
25 will be transferred to Schedule 3 resulting in a \$6,127 increase, or
26 1.27%.

27 14. Q. PLEASE DESCRIBE THE CHANGES PROPOSED FOR THE
28 DIRECT SERVE TARIFFS.

29 A. Both Class A and B Direct Serve customers have been awarded
30 recent rate reductions by the Commission. Therefore, Kenergy is

1 proposing no further reductions to Classes A and B. Kenergy is
2 proposing a \$262,906, or 3.68% reduction to Class C. Combined
3 with this adjustment, Kenergy will transfer two Special Contract
4 customers to Schedule 31 resulting in a \$4,865, or 0.23% increase.

5 15. Q. PLEASE DESCRIBE THE CHANGES PROPOSED FOR THE
6 LIGHTING TARIFFS.

7 A. Unlike all other tariffs, no change is proposed to the base lighting
8 rates to offset the reduction created by applying 100% of the WDA.
9 Thus, revenue from lighting will be slightly reduced which will be a
10 positive step toward parity. Former Henderson Union lights that had
11 been grandfathered at lower rates will be moved to the Kenergy
12 rates.

13 16. Q. PLEASE EXPLAIN PAGE 1 of EXHIBIT 9.

14 A. The revenue changes by class are summarized on page 1 of Exhibit
15 9, the Summary of Revenue. This exhibit summarizes the changes in
16 test year revenues by class beginning with the expiration of the
17 Consolidation Credit, through the customer growth adjustment and
18 then as a result of the proposed tariff revisions. Column (k) shows
19 tariff revenues annualized for the test year at current levels which
20 reflect the expiration of the Consolidation Credit. Column (l) shows
21 the proposed revenues while column (m) shows the net proposed
22 change. Column (n) provides the net proposed percentage change
23 compared to present rates and column (o) shows the combined rate
24 impact of the expiration of the Consolidation Credit along with the
25 proposed tariff revisions.

26 17. Q. HAVE YOU REVIEWED KENERGY'S PROPOSED RATE
27 LEVEL FROM AN OVERALL REVENUE REQUIREMENTS
28 PERSPECTIVE?

29 A. Yes, I have.

30 18. Q. IS IT YOUR OPINION THAT KENERGY NEEDS ALL OF THE

1 REVENUE REQUESTED IN THIS CASE TO MAINTAIN
2 FINANCIAL INTEGRITY?

3 A. Yes, it is.

4 19. Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

5 A. Yes, it does.

Kenergy Corp.
 Single Phase Class Consumer Frequency Distribution
 Attachment 1 - Jack D. Gaines Testimony

	<u>From</u> a	<u>To</u> b	<u>Ave Cons</u> c	<u>Comm</u> d	<u>Cumm</u> e	<u>Ave Cons</u> f	<u>Res</u> g	<u>Cummulative</u> h
1	0	0	793	15.08%	15.08%	1,355	3.01%	3.01%
2	1	500	2,774	52.74%	67.82%	8,758	19.46%	22.47%
3	501	1000	509	9.67%	77.49%	11,707	26.01%	48.47%
4	1001	1500	283	5.38%	82.87%	9,456	21.01%	69.48%
5	1501	2000	181	3.43%	86.30%	5,816	12.92%	82.40%
6	2001	2500	106	2.02%	88.32%	3,161	7.02%	89.42%
7	2501	3000	87	1.66%	89.98%	1,948	4.33%	93.75%
8	3001	4000	125	2.37%	92.36%	1,960	4.36%	98.11%
9	4001	5000	80	1.53%	93.89%	513	1.14%	99.25%
10	Over	Over	322	6.11%	100.00%	340	0.75%	100.00%
11	Sum		5,260			45,014		

ENERGY CORP.
Case No. 2004-00-448
SUMMARY OF REVENUE - TEST YEAR

RATE	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
Residential - Single & Three Phase															
1 Base Rate	45,000	672,503,619	\$ 41,893,083	\$ -	\$ 41,893,083	\$ -	\$ 41,893,083	\$ 42,304,649	\$ 42,781,310	\$ 476,661	1.13%	\$ 476,661	\$ 476,661	105.80%	1.13%
2 WDA			\$ (443,091)	\$ -	\$ (443,091)	\$ -	\$ (443,091)	\$ (445,922)	\$ (917,223)	\$ (471,801)	105.80%	\$ (471,801)	\$ (471,801)	105.80%	NA
3 Consolidation Credit			\$ (1,679,777)	\$ 1,679,777	\$ -	\$ 1,679,777	\$ -	\$ (445,922)	\$ (917,223)	\$ (471,801)	105.80%	\$ (471,801)	\$ (471,801)	105.80%	NA
4 Subtotal			\$ 39,860,195	\$ 1,679,777	\$ 41,539,972	\$ -	\$ 41,539,972	\$ 41,863,666	\$ 41,863,666	\$ 4,659	0.01%	\$ 4,659	\$ 4,659	100.00%	4.23%
Commercial & Public Bldgs - Single Phase															
5 Base Rate	5,731	85,559,483	\$ 5,344,024	\$ -	\$ 5,344,024	\$ -	\$ 5,344,024	\$ 5,389,249	\$ 5,743,813	\$ 344,564	6.38%	\$ 344,564	\$ 344,564	105.80%	6.38%
6 WDA			\$ (56,289)	\$ -	\$ (56,289)	\$ -	\$ (56,289)	\$ (56,905)	\$ (117,113)	\$ (60,208)	105.80%	\$ (60,208)	\$ (60,208)	105.80%	NA
7 Consolidation Credit			\$ (213,759)	\$ 213,759	\$ -	\$ 213,759	\$ -	\$ (56,905)	\$ (117,113)	\$ (60,208)	105.80%	\$ (60,208)	\$ (60,208)	105.80%	NA
8 Subtotal			\$ 5,073,932	\$ 213,759	\$ 5,287,725	\$ -	\$ 5,287,725	\$ 5,342,344	\$ 5,626,700	\$ 284,356	5.32%	\$ 284,356	\$ 284,356	100.00%	9.54%
Former HUEC (0-50 kVA)-grandfathered															
9 Base Rate	302	6,552,844	\$ 431,606	\$ -	\$ 431,606	\$ -	\$ 431,606	\$ 425,878	\$ 409,992	\$ (19,897)	-3.97%	\$ (19,897)	\$ (19,897)	105.80%	-3.97%
10 WDA			\$ (4,312)	\$ -	\$ (4,312)	\$ -	\$ (4,312)	\$ (4,245)	\$ -	\$ (4,491)	105.80%	\$ (4,491)	\$ (4,491)	105.80%	NA
11 Consolidation Credit			\$ (17,257)	\$ 17,257	\$ -	\$ 17,257	\$ -	\$ (4,245)	\$ -	\$ -	NA	\$ -	\$ -	NA	NA
12 Subtotal			\$ 410,037	\$ 17,257	\$ 427,294	\$ -	\$ 427,294	\$ 421,634	\$ 400,256	\$ (21,378)	-5.07%	\$ (21,378)	\$ (21,378)	-5.07%	-0.65%
Commercial & Public Bldgs - Three Phase < 1,000 kW															
13 Base Rate	781	172,863,098	\$ 10,555,416	\$ -	\$ 10,555,416	\$ -	\$ 10,555,416	\$ 10,449,571	\$ 10,326,014	\$ (321,558)	-3.02%	\$ (321,558)	\$ (321,558)	105.80%	-3.02%
14 WDA			\$ (113,606)	\$ -	\$ (113,606)	\$ -	\$ (113,606)	\$ (927)	\$ (114,533)	\$ (235,714)	105.80%	\$ (121,181)	\$ (121,181)	105.80%	NA
15 Consolidation Credit			\$ (422,248)	\$ 422,248	\$ -	\$ 422,248	\$ -	\$ (927)	\$ (114,533)	\$ (235,714)	105.80%	\$ (121,181)	\$ (121,181)	105.80%	NA
16 Subtotal			\$ 10,019,562	\$ 422,248	\$ 10,441,810	\$ -	\$ 10,441,810	\$ 10,535,038	\$ 10,092,300	\$ (442,738)	-4.20%	\$ (442,738)	\$ (442,738)	-4.20%	0.01%
Commercial - Three-Phase 1,000 - 2,000 kW															
17 Base Rate	10	69,340,941	\$ 3,205,910	\$ -	\$ 3,205,910	\$ -	\$ 3,205,910	\$ 3,586,243	\$ 3,465,345	\$ (102,897)	-2.88%	\$ (102,897)	\$ (102,897)	105.80%	-2.88%
18 WDA			\$ (1,495)	\$ -	\$ (1,495)	\$ -	\$ (1,495)	\$ (59,267)	\$ (102,366)	\$ (46,079)	105.80%	\$ (46,079)	\$ (46,079)	105.80%	NA
19 Consolidation Credit			\$ (126,930)	\$ 126,930	\$ -	\$ 126,930	\$ -	\$ (59,267)	\$ (102,366)	\$ (46,079)	105.80%	\$ (46,079)	\$ (46,079)	105.80%	NA
20 Subtotal			\$ 3,026,515	\$ 126,930	\$ 3,155,446	\$ -	\$ 3,155,446	\$ 3,541,956	\$ 3,392,979	\$ (148,976)	-4.21%	\$ (148,976)	\$ (148,976)	-4.21%	-0.01%
Former HUEC (1000-2000 kw) grandfathered Pioneer															
21 Base Rate	1	3,757,440	\$ 188,384	\$ -	\$ 188,384	\$ -	\$ 188,384	\$ 188,410	\$ 195,827	\$ 7,418	3.94%	\$ 7,418	\$ 7,418	105.80%	3.94%
22 WDA			\$ (2,472)	\$ -	\$ (2,472)	\$ -	\$ (2,472)	\$ (2,472)	\$ (5,088)	\$ (2,616)	105.80%	\$ (2,616)	\$ (2,616)	105.80%	NA
23 Consolidation Credit			\$ (7,536)	\$ 7,536	\$ -	\$ 7,536	\$ -	\$ -	\$ -	\$ -	NA	\$ -	\$ -	NA	NA
24 Subtotal			\$ 178,375	\$ 7,536	\$ 185,911	\$ -	\$ 185,911	\$ 185,937	\$ 180,739	\$ 4,802	2.56%	\$ 4,802	\$ 4,802	100.00%	6.81%
Commercial - Three Phase (Over 2,000 kW)															
25 Base Rate	1	11,811,600	\$ 488,544	\$ -	\$ 488,544	\$ -	\$ 488,544	\$ 488,382	\$ 502,712	\$ 14,350	2.94%	\$ 14,350	\$ 14,350	105.80%	2.94%
26 WDA			\$ (7,772)	\$ -	\$ (7,772)	\$ -	\$ (7,772)	\$ (7,772)	\$ (15,595)	\$ (8,223)	105.80%	\$ (8,223)	\$ (8,223)	105.80%	NA
27 Consolidation Credit			\$ (489,772)	\$ -	\$ (489,772)	\$ -	\$ (489,772)	\$ -	\$ -	\$ -	NA	\$ -	\$ -	NA	NA
28 Subtotal			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,500	\$ 466,717	\$ 6,127	1.27%	\$ 6,127	\$ 6,127	100.00%	1.27%
Metered Lighting - Single Phase															
29 Base Rate	93	153,228	\$ 11,151	\$ -	\$ 11,151	\$ -	\$ 11,151	\$ 11,285	\$ 11,404	\$ 109	0.96%	\$ 109	\$ 109	105.80%	0.96%
30 WDA			\$ (102)	\$ -	\$ (102)	\$ -	\$ (102)	\$ (103)	\$ (212)	\$ (109)	105.80%	\$ (109)	\$ (109)	105.80%	NA
31 Consolidation Credit			\$ (307)	\$ 307	\$ -	\$ 307	\$ -	\$ -	\$ -	\$ -	NA	\$ -	\$ -	NA	NA
32 Subtotal			\$ 10,741	\$ 307	\$ 11,048	\$ -	\$ 11,048	\$ 11,192	\$ 11,192	\$ -	0.00%	\$ -	\$ -	0.00%	2.85%
Former HUEC street lights-Unmetered-grandfathered															
33 Base Rate			\$ 83,850	\$ -	\$ 83,850	\$ -	\$ 83,850	\$ 8,070	\$ 13,043	\$ 4,673	61.63%	\$ 4,673	\$ 4,673	105.80%	61.63%
34 WDA			\$ (655)	\$ -	\$ (655)	\$ -	\$ (655)	\$ (45)	\$ (112)	\$ (58)	105.80%	\$ (58)	\$ (58)	105.80%	NA
35 Consolidation Credit			\$ (323)	\$ 323	\$ -	\$ 323	\$ -	\$ (45)	\$ (112)	\$ (58)	105.80%	\$ (58)	\$ (58)	105.80%	NA
36 Subtotal			\$ 7,892	\$ 323	\$ 8,014	\$ -	\$ 8,014	\$ 8,015	\$ 12,931	\$ 4,916	61.33%	\$ 4,916	\$ 4,916	100.00%	65.92%
Other Unmetered Lighting															
37 Base Rate			\$ 12,523,903	\$ -	\$ 12,523,903	\$ -	\$ 12,523,903	\$ 1,237,480	\$ 1,237,480	\$ -	0.00%	\$ -	\$ -	0.00%	0.00%
38 WDA			\$ (6,228)	\$ -	\$ (6,228)	\$ -	\$ (6,228)	\$ (6,241)	\$ (16,960)	\$ (8,718)	105.80%	\$ (8,718)	\$ (8,718)	105.80%	NA
39 Consolidation Credit			\$ (45,448)	\$ 45,448	\$ -	\$ 45,448	\$ -	\$ -	\$ -	\$ -	NA	\$ -	\$ -	NA	NA
40 Subtotal			\$ 1,178,831	\$ 45,448	\$ 1,229,279	\$ -	\$ 1,229,279	\$ 1,229,239	\$ 1,220,520	\$ (8,718)	-0.71%	\$ (8,718)	\$ (8,718)	-0.71%	3.48%
Total Non direct served															
41 Base Rate	51,919	1,033,935,606	\$ 63,454,673	\$ -	\$ 63,454,673	\$ -	\$ 63,454,673	\$ 64,311,208	\$ 64,717,940	\$ 466,732	0.65%	\$ 466,732	\$ 466,732	105.80%	0.65%
42 WDA			\$ (69,020)	\$ -	\$ (69,020)	\$ -	\$ (69,020)	\$ (69,535)	\$ (1,420,026)	\$ (723,464)	103.87%	\$ (723,464)	\$ (723,464)	103.87%	NA
43 Consolidation Credit			\$ (2,517,620)	\$ 2,517,620	\$ -	\$ 2,517,620	\$ -	\$ (69,535)	\$ (1,420,026)	\$ (723,464)	103.87%	\$ (723,464)	\$ (723,464)	103.87%	NA
44 Subtotal			\$ 60,249,651	\$ 2,517,620	\$ 62,767,271	\$ -	\$ 62,767,271	\$ 63,814,673	\$ 63,297,921	\$ (316,752)	-0.50%	\$ (316,752)	\$ (316,752)	-0.50%	3.68%
Direct served (Class A)															
45 Base Rate	2	7,328,045,100	\$ 185,778,580	\$ -	\$ 185,778,580	\$ -	\$ 185,778,580	\$ 185,697,360	\$ 185,697,360	\$ -	0.00%	\$ -	\$ -	0.00%	-0.04%
46 WDA			\$ (1,037,422)	\$ -	\$ (1,037,422)	\$ -	\$ (1,037,422)	\$ (1,037,422)	\$ (1,037,422)	\$ -	0.00%	\$ -	\$ -	0.00%	-0.21%
47 Consolidation Credit			\$ (45,805)	\$ 45,805	\$ -	\$ 45,805	\$ -	\$ (1,037,422)	\$ (1,037,422)	\$ -	0.00%	\$ -	\$ -	0.00%	-0.21%
48 Subtotal			\$ 184,706,353	\$ 45,805	\$ 185,162,158	\$ -	\$ 185,162,158	\$ 184,664,938	\$ 184,664,938	\$ -	0.00%	\$ -	\$ -	0.00%	-0.21%
Direct served (Class B)															
49 Base Rate	2	61,012,716	\$ 2,087,018	\$ -	\$ 2,087,018	\$ -	\$ 2,087,018	\$ 2,087,018	\$ 2,087,018	\$ -	0.00%	\$ -	\$ -	0.00%	0.23%
50 WDA			\$ (7,146,430)	\$ -	\$ (7,146,430)	\$ -	\$ (7,146,430)	\$ (7,146,430)	\$ (7,146,430)	\$ -	0.00%	\$ -	\$ -	0.00%	-3.68%
51 Consolidation Credit			\$ (45,448)	\$ 45,448	\$ -	\$ 45,448	\$ -	\$ -	\$ -	\$ -	NA	\$ -	\$ -	NA	-0.18%
52 Subtotal			\$ 1,935,140	\$ 45,448	\$ 1,980,588	\$ -	\$ 1,980,588	\$ 1,980,588	\$ 1,980,588	\$ -	0.00%	\$ -	\$ -	0.00%	-0.21%
Unblended Impact															
53 Base Rate	51,937	9,302,664,451	\$ 276,633,101	\$ -	\$ 276,633,101	\$ -	\$ 276,633,101	\$ 279,298,305	\$ 279,298,305	\$ (674,763)	-0.24%	\$ (674,763)	\$ (674,763)	-0.24%	-0.21%
54 WDA			\$ (1,206,686)	\$ -	\$ (1,206,686)	\$ -	\$ (1,206,686)	\$ (1,206,686)	\$ (1,206,686)	\$ -	0.00%	\$ -	\$ -	0.00%	0.00%
55 Consolidation Credit			\$ (109,670)	\$ 109,670	\$ -	\$ 109,670	\$ -	\$ -	\$ -	\$ -	NA	\$ -	\$ -	NA	0.00%
56 Subtotal			\$ 1,206,686	\$ 109,670	\$ 1,316,356	\$ -	\$ 1,316,356	\$ 1,316,356	\$ 1,316,356	\$ -	0.00%	\$ -	\$ -	0.00%	4.07%
Misc. Revenues															
57 Base Rate	51,937	9,324,468,413	\$ 279,088,137	\$ -	\$ 279,088,137	\$ -	\$ 279,088,137	\$ 281,914,463	\$ 281,914,463	\$ (284,493)	-0.19%	\$ (284,493)	\$ (284,493)	-0.19%	-0.19%
58 WDA			\$ (1,206,686)	\$ -	\$ (1,206,686)	\$ -	\$ (1,206,686)	\$ (1,206,686)	\$ (1,206,686)	\$ -	0.00%	\$ -	\$ -	0.00%	0.00%
59 Consolidation Credit			\$ (109,670)	\$ 109,670	\$ -	\$ 109,670	\$ -	\$ -	\$ -	\$					

KENERGY CORP.
Case No. 2004-00446
RESIDENTIAL
CONSUMPTION ANALYSIS

(a)	(b)	Present (c)	Present (d)	Normalized (e)	Normalized (f)	Normalized (g)	Proposed (h)	Proposed (i)
1	Number of Bills							
2	Less YDL Only							
3	Customer Charge	\$7.91	\$ 9,397	544,155	\$7.91	\$ 9,397	\$12.00	\$ 14,256
	Three Phase Farm	\$7.91	\$ 4,262,027	1,188	\$7.91	\$ 4,294,869	\$7.91	\$ 4,294,869
	Customer Charge	538,815 x	\$ 4,271,424	542,967 x		\$ 4,304,266		\$ 4,309,125
4	KWH Charge	672,503,619 x	\$ 37,709,295	677,671,905 x	\$ 0.056073	\$ 37,999,097	\$ 0.056769	\$ 38,470,884
5								
6								
7			\$ 41,980,719			\$ 42,303,363		\$ 42,780,009
8			4.00%			0.00%		0.00%
9	4% Consolidation Credit		\$ (1,679,229)			-		-
10								
11	Wholesale Discount Adjustment:							
12								
13		672,503,619 x	\$ (442,507)	677,671,905 x	\$ (0.000658)	\$ (445,908)	\$ (0.001354)	\$ (917,695)
14								
15			\$ 39,858,983			\$ 41,857,455		\$ 41,862,314
16	Times Correction Factor		0.000030407			0.000030407		0.000030407
17			1,212			1,273		1,273
18								
19	Per Books		\$ 39,860,195			\$ 41,858,727		\$ 41,863,586
20								
21								
22								
23								
24								
25								
26								

(0.0006962)

\$ 0.055415

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 1-5.

KENERGY CORP.
Case No. 2004-00446
Commercial & Public Buildings - Single Phase
CONSUMPTION ANALYSIS

(a)	(b)	Present (c)	Present (d)	Normalized (e)	Normalized (f)	Normalized (g)	Proposed (h)	Proposed (i)
1	Number of Bills	68,928						
2	Less YDL Only	(156)						
3	Customer Charge	68,772 x \$ 7.91 = \$ 543,987		69,492 x \$ 7.91 = \$ 549,682		\$ 549,682	\$12.00 = \$ 833,904	\$ 833,904
4								
5	KWH Charge	85,558,483 x \$ 0.056073 = 4,797,521		86,441,477 x \$ 0.056073 = 4,847,033		4,847,033	\$ 0.056769 =	4,907,212
6								
7			\$ 5,341,507			\$ 5,396,715		\$ 5,741,116
8			4.00%			0.00%		0.00%
9	4% Consolidation Credit		<u>\$ (213,660)</u>			<u>\$ -</u>		<u>\$ -</u>
10								
11	Wholesale Discount Adjustment:							
12		85,558,483 x \$ (0.000658) =	<u>\$ (56,297)</u>	86,441,477 x \$ (0.000658) =		<u>\$ (56,878)</u>	\$ (0.001354) =	<u>\$ (117,058)</u>
13								
14			\$ 5,071,550			\$ 5,339,836		\$ 5,624,058
15			0.00046968			0.000469679		0.000469679
16	Times Correction Factor		<u>2,382</u>			<u>2,508</u>		<u>2,642</u>
17								
18	Per Books		<u>\$ 5,073,932</u>			<u>\$ 5,342,344</u>		<u>\$ 5,626,700</u>
19								
20								
21								
22								
23								

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 7-11.

KENERGY CORP.
Case No. 2004-00446
Former Huec 0-50 kva
CONSUMPTION ANALYSIS

(a)	(b)	Present (c)	Present (d)	Normalized (e)	Normalized (f)	Normalized (g)	Proposed (h)	Proposed (i)
1	Number of Bills	3,619						
2	Less YDL Only	-						
3	Customer Charge	3,619 x \$ 18.00 = \$	65,142	3,571 x \$ 18.00 = \$	64,278	\$ 64,278	\$12.00 = \$	42,852
4	KWH Charge	6,552,644 x \$ 0.056073 =	367,426	6,465,734 x \$ 0.056073 =	362,553	362,553	\$ 0.056769 =	367,054
5								
6								
7			\$ 432,568			\$ 426,831		\$ 409,906
8	4% Consolidation Credit		4.00%			0.00%		0.00%
9			<u>(17,303)</u>			<u>-</u>		<u>-</u>
10								
11	Wholesale Discount Adjustment:							
12								
13		6,552,644 x \$ (0.000658) =	<u>(4,312)</u>	6,465,734 x \$ (0.000658) =	<u>(4,254)</u>	<u>(4,254)</u>	\$ (0.001354) =	<u>(8,756)</u>
14								
15			\$ 410,954			\$ 422,577		\$ 401,151
16	Times Correction Factor		<u>-0.002231393</u>			<u>-0.002231393</u>		<u>-0.002231393</u>
17			<u>(917)</u>			<u>(943)</u>		<u>(895)</u>
18								
19	Per Books		<u>\$ 410,037</u>			<u>\$ 421,634</u>		<u>\$ 400,256</u>
20								
21								
22								
23								

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 13-17

KENERGY CORP.
Case No. 2004-00446
COMMERCIAL (UNDER 1,000 KW) THREE-PHASE
CONSUMPTION ANALYSIS

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1 Number of Bills	9,370 x \$	25.00 =	\$ 234,250	9,456 x	\$ 25.00 =	\$ 236,400	\$ 25.00 =	\$ 236,400
2 Demand =	563,933 x \$	3.50 =	\$ 1,973,766	568,989 x	\$ 3.50 =	\$ 1,991,463	\$ 3.50 =	\$ 1,991,463
3								
4								
5 Power Factor Penalties			\$ 29,684			\$ 29,684		\$ 29,684
6 Minimum Bill Differential			\$ 15,935			\$ 15,935		\$ 15,935
7								
8 1st 200 KWH per KW -	99,882.390 x	\$ 0.052920 =	\$ 5,285,776	100,777,960 x	\$ 0.05292 =	\$ 5,333,170	\$ 0.05320 =	\$ 5,361,387
9								
10 Next 200 KWH per KW	55,363,837 x	\$ 0.042320 =	\$ 2,342,998	55,860,242 x	\$ 0.04232 =	\$ 2,364,005	\$ 0.03800 =	\$ 2,122,689
11								
12 Over 400 KWH	17,378,747 x	\$ 0.039200 =	\$ 681,247	17,534,569 x	\$ 0.03920 =	\$ 687,355	\$ 0.03300 =	\$ 578,641
13								
14			\$ 8,310,021	174,172,771		\$ 8,384,530		\$ 8,062,717
15								
16 Unlocated	28,124		\$ 10,563,655	28,124		\$ 10,658,012		\$ 10,336,199
17			4%	174,200,895		0%		0%
18			(422,546)					
19 Consolidation Credit @4%			=					
20								
21 Wholesale Discount Adjustment:	172,653,098 x	\$(0.000658) =	(113,606)	174,200,895	\$ (0.000658)	(114,624)	\$ (0.001354)	(235,901)
22								
23								
24			\$ 10,027,503			\$ 10,543,388		\$ 10,100,299
25			(0,000,792)			(0,000,792)		(0,000,792)
26			(7,941)			(8,350)		(7,959)
27								
28 Per Books			\$ 10,019,562			\$ 10,535,038		\$ 10,092,300
29								

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 19-23.

KENERGY CORP.
Case No. 2004-00446
Former Huec 0-1000kw
CONSUMPTION ANALYSIS

	(a)	(b)	Present (c)	Present (d)	Normalized (e)	Normalized (f)	Normalized (g)	Proposed (h)	Proposed (i)
1	Customer Charge	12 x \$	100.00 =	\$ 1,200	12 x	\$ 100.00 =	\$ 1,200	\$ 25.00 =	\$ 300
2									
3	Demand Charge:	6,000 x \$	8.75 =	\$ 52,500	6,000 x	\$ 8.75 =	\$ 52,500	\$ 3.50 =	\$ 21,000
4		2,880 x \$	7.80 =	\$ 22,464	2,880 x	\$ 7.80 =	\$ 22,464	\$ 3.50 =	\$ 10,080
5				<u>7,384</u>			<u>7,384</u>		<u>7,384</u>
6	Power Factor Penalty			<u>\$ 82,348</u>			<u>\$ 82,348</u>		<u>\$ 38,464</u>
7									
8									
9									
10	Energy Charge:	1,775,976 x	\$ 0.031000 =	\$ 55,055	1,775,976 x	\$ 0.031000 =	\$ 55,055	\$ 0.05020 =	\$ 89,154
11	1st 200 KWH per KW								
12		1,693,080 x	\$ 0.025500 =	\$ 43,174	1,693,080 x	\$ 0.025500 =	\$ 43,174	\$ 0.03500 =	\$ 59,258
13	Next 200 KWH per KW								
14		<u>288,384 x</u>	<u>\$ 0.023000 =</u>	<u>\$ 6,633</u>	<u>288,384 x</u>	<u>\$ 0.023000 =</u>	<u>\$ 6,633</u>	<u>\$ 0.03000 =</u>	<u>\$ 8,652</u>
15	Over 400 KWH			<u>\$ 104,862</u>			<u>\$ 104,862</u>		<u>\$ 157,063</u>
16		3,757,440			3,757,440				
17									
18				188,410			188,410		195,827
19				4%			0%		0%
20	4% Consolidation Credit			<u>\$ (7,536)</u>			<u>\$ -</u>		<u>\$ -</u>
21									
22									
23	Wholesale Discount Adjustment:	3,757,440 x	\$(0.000658) =	<u>(2,472)</u>	3,757,440 x	\$(0.000658) =	<u>(2,472)</u>	\$(0.001354) =	<u>(5,088)</u>
24									
25				178,401			185,937		190,739
26				<u>-0.000145</u>			<u>-</u>		<u>-</u>
27	Times Correction Factor			<u>(25.87)</u>			<u>-</u>		<u>-</u>
28									
29				<u>\$ 178,375</u>			<u>\$ 185,937</u>		<u>\$ 190,739</u>
30									
31									
32									

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 31-35.

KENERGY CORP.
Case No. 2004-00446
Three Phase Over 2000kw
CONSUMPTION ANALYSIS

	(a)	(b)	Present (c)	Present (d)	Normalized (e)	Normalized (f)	Normalized (g)	Normalized (h)	Proposed (i)	
1	Customer Charge	12 x \$	100.00 =	\$ 1,200	12 x \$	100.00 =	\$ 1,200	12 x \$	575.00 =	\$ 6,900
2										
3	Demand Charge:	25,421 x \$	10.15 =	\$ 258,023	25,421 x \$	10.15 =	\$ 258,023	25,421 x \$	7.50 =	\$ 190,658
4	Power Factor Charge			\$ 1,282			\$ 1,282		\$ 7.50	\$ 947
5	Energy Charge:	11,811,600 x \$	0.018275 =	\$ 215,857	11,811,600 x \$	0.018275 =	\$ 215,857	11,811,600 x \$	0.02750 =	\$ 139,814
6									\$ 0.02500 =	\$ 120,774
7	Facilities Charge								\$ 0.02300 =	\$ 43,619
8	@1.35% of Investment - \$1,000	x	12 =	\$ 12,000	x	12 =	\$ 12,000	x	\$ 0.02300 =	\$ -
				\$ 488,362			\$ 488,362			\$ 502,712
9	Wholesale Discount Adjustment:									
10		11,811,600 x \$	(0.000658) =	\$ (7,772)	11,811,600 x \$	(0.000658) =	\$ (7,772)		\$ (0.001354) =	\$ (15,995)
11										
14				\$ 480,590			\$ 480,590			\$ 486,717
15										
16				Unlocated difference						
17				\$ 182						
18				Per Books			\$ 480,590			\$ 486,717
19										
20										
21							\$ 126.31			
22										\$ 486,717

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 37-41.

KENERGY CORP.
Case No. 2004-00446
Metered Lighting
CONSUMPTION ANALYSIS

(a)	(b)	Present (c)	Present (d)	Normalized (e)	Normalized (f)	Normalized (g)	Proposed (h)	Proposed (i)
1	Number of Bills	1,116						
2	Less YDL Only	<u>(804)</u>						
3	Customer Charge	x \$ 7.91	= \$ 2,468	312 x \$ 7.91	= \$ 2,468		\$ 7.91	= \$ 2,468
4								
5	KWH Charge	x \$ 0.056073	= 8,592	153,228 x \$ 0.056073	= 8,592		\$ 0.056769	= 8,699
6								
7			\$ 11,060			\$ 11,060		\$ 11,167
8			4.00%			0.00%		0.00%
9	4% Consolidation Credit		<u>(442)</u>			<u>-</u>		<u>-</u>
10								
11	Wholesale Discount Adjustment:							
12		153,228 x \$ (0.000658)	= \$ (101)	153,228 x \$ (0.000658)	= \$ (101)		\$ (0.001354)	= \$ (207)
13								
14			\$ 10,517			\$ 10,959		\$ 10,959
15			0.021298849		x	0.021299		0.021298849
16	Times Correction Factor		<u>224</u>			<u>233</u>		<u>233</u>
17								
18	Per Books		\$ <u>10,741</u>			\$ <u>11,192</u>		\$ <u>11,192</u>
19								
20								
21								
22								
23								

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 43-47.

KENERGY CORP.

Case No. 2004-00446

Former Huec street Lighting - consumption analysis

	(a)	(b)	(c)	(d)	(e)	(f)						
	DESCRIPTION	QTY	RATES	DOLLARS	FAC CHG.	Assigned KWH	RATES	DOLLARS	RATES	DOLLARS		DOLLARS
					DOLLARS							
5	7000 LUMEN-175W-MV	1,118	\$ 4.30	\$ 4,807	\$ -	83,850	\$ 4.30	\$ 4,807	\$ 6.95	\$ 7,770		\$ 7,770
6	BASKETT STREET LIG	919	\$ 1.50	\$ 1,379	\$ -	0	\$ 1.50	\$ 1,379	\$ 2.42	\$ 2,228		\$ 2,228
7	MEADOW HILL STREET	356	\$ 1.35	\$ 481	\$ -	0	\$ 1.35	\$ 481	\$ 2.18	\$ 777		\$ 777
8	SPOTTSVILLE STREET	881	\$ 1.70	\$ 1,498	\$ -	0	\$ 1.70	\$ 1,498	\$ 2.75	\$ 2,421		\$ 2,421
10	Subtotal	3,274		\$ 8,164		83,850		\$ 8,164		\$ 13,196		\$ 13,196
11				4%				0%				0%
12	4% Consolidation Credit			\$ (327)				\$ -		\$ -		\$ -
14	Wholesale Discount adjustment:											
15	83,850 KWH x \$ (0.000658)			\$ (55)			\$ (0.000658)	\$ (55)	\$ (0.001354)	\$ (114)		\$ (114)
				\$ 7,782				\$ 8,109		\$ 13,082		\$ 13,082
	Times correction factor			-0.0115652				-0.0115652		-0.0115652		-0.0115652
16				\$ (90)				\$ (94)		\$ (151)		\$ (151)
17	Total Revenue			\$ 7,692				\$ 8,015		\$ 12,931		\$ 12,931

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 49-53.

KENERGY CORP.
Case No. 2004-00446
Unmetered Lighting - consumption analysis

	(a)	(b)	(c)	(d)	(f)	(e)						
	DESCRIPTION	ANNUAL QTY	RATES	ANNUAL DOLLARS	FACILITY CHARGE DOLLARS	Assigned KWH	NORMALIZED RATES	NORMALIZED DOLLARS	FACILITY CHARGE DOLLARS	PROPOSED RATES	PROPOSED DOLLARS	FACILITY CHARGE DOLLARS
5	All except former Huec:											
6	7000 LUMEN-175W-ME	137,806	\$ 6.95	\$ 957,752	\$ -	10,335,478	\$ 6.95	\$ 957,752	\$ -	\$ 6.95	\$ 957,752	\$ -
7	20000 LUMEN-400W-M	6,646	\$ 9.69	\$ 64,400	\$ -	498,450	\$ 9.69	\$ 64,400	\$ -	\$ 9.69	\$ 64,400	\$ -
8	20000 LUM-400W-M-STR	1,761	\$ 8.10	\$ 14,264	\$ -	132,075	\$ 8.10	\$ 14,264	\$ -	\$ 8.10	\$ 14,264	\$ -
9	12000 LUMEN-250W-M	2,116	\$ 8.20	\$ 17,351	\$ -	158,700	\$ 8.20	\$ 17,351	\$ -	\$ 8.20	\$ 17,351	\$ -
10	9500 LUMEN-100W-HP	7,942	\$ 6.95	\$ 55,197	\$ -	395,730	\$ 6.95	\$ 55,197	\$ -	\$ 6.95	\$ 55,197	\$ -
11	20000 LUMEN-200W-H	48	\$ 9.69	\$ 465	\$ -	3,600	\$ 9.69	\$ 465	\$ -	\$ 9.69	\$ 465	\$ -
12	27000 LUMEN-250W-H	1,068	\$ 9.69	\$ 10,349	\$ -	84,300	\$ 9.69	\$ 10,349	\$ -	\$ 9.69	\$ 10,349	\$ -
13	27000 LUM-250W-H-STR	600	\$ 8.10	\$ 4,860	\$ -	59,400	\$ 8.10	\$ 4,860	\$ -	\$ 8.10	\$ 4,860	\$ -
14	OH FAC-STREET	120	\$ 1.85	\$ -	\$ 222	0	\$ 1.85	\$ -	\$ 222	\$ 1.85	\$ -	\$ 222
15	UG NON-STD POLE-	5,115	\$ 4.45	\$ -	\$ 22,762	0	\$ 4.45	\$ -	\$ 22,762	\$ 4.45	\$ -	\$ 22,762
16	6300 LUMEN-DECOR-7	3,442	\$ 9.54	\$ 32,837	\$ -	240,940	\$ 9.54	\$ 32,837	\$ -	\$ 9.54	\$ 32,837	\$ -
17	6300 LUM DECOR-70W	590	\$ 9.54	\$ 5,629	\$ -	41,300	\$ 9.54	\$ 5,629	\$ -	\$ 9.54	\$ 5,629	\$ -
18	12600 LUM HPS-70W	332	\$ 16.85	\$ 5,594	\$ -	46,480	\$ 16.85	\$ 5,594	\$ -	\$ 16.85	\$ 5,594	\$ -
19	32000 LUMENS-400W	316	\$ 12.14	\$ 3,836	\$ -	49,296	\$ 12.14	\$ 3,836	\$ -	\$ 12.14	\$ 3,836	\$ -
20	107000 LUMENS-100W	216	\$ 24.82	\$ 5,361	\$ -	80,568	\$ 24.82	\$ 5,361	\$ -	\$ 24.82	\$ 5,361	\$ -
21	16600 LUM-175W-MH	156	\$ 11.40	\$ 1,778	\$ -	11,700	\$ 11.40	\$ 1,778	\$ -	\$ 11.40	\$ 1,778	\$ -
22	STEEL 25 FT PEDEST	264	\$ 5.52	\$ -	\$ 1,457	0	\$ 5.52	\$ -	\$ 1,457	\$ 5.52	\$ -	\$ 1,457
23	STEEL 30 FT PEDEST	312	\$ 6.22	\$ -	\$ 1,941	0	\$ 6.22	\$ -	\$ 1,941	\$ 6.22	\$ -	\$ 1,941
24	STEEL 39 FT PEDEST	198	\$ 10.45	\$ -	\$ 2,069	0	\$ 10.45	\$ -	\$ 2,069	\$ 10.45	\$ -	\$ 2,069
25	WOOD 30 FT DIRECT	149	\$ 6.55	\$ -	\$ 976	0	\$ 6.55	\$ -	\$ 976	\$ 6.55	\$ -	\$ 976
26	ALUMINUM 28 FT DIR	57	\$ 7.11	\$ -	\$ 405	0	\$ 7.11	\$ -	\$ 405	\$ 7.11	\$ -	\$ 405
27	FLUTED FIBERGLASS	156	\$ 7.60	\$ -	\$ 1,186	0	\$ 7.60	\$ -	\$ 1,186	\$ 7.60	\$ -	\$ 1,186
28	28000 LUMEN HPS-25	486	\$ 8.73	\$ 4,243	\$ -	50,058	\$ 8.73	\$ 4,243	\$ -	\$ 8.73	\$ 4,243	\$ -
29	61000 LUMEN-400W-H	302	\$ 11.06	\$ 3,340	\$ -	48,320	\$ 11.06	\$ 3,340	\$ -	\$ 11.06	\$ 3,340	\$ -
30	19500 LUMEN-250W-M	94	\$ 8.36	\$ 786	\$ -	9,212	\$ 8.36	\$ 786	\$ -	\$ 8.36	\$ 786	\$ -
31	32000 LUMEN-400W-M	736	\$ 11.03	\$ 8,118	\$ -	114,816	\$ 11.03	\$ 8,118	\$ -	\$ 11.03	\$ 8,118	\$ -
32	107000 LUM-1000W-M	430	\$ 22.97	\$ 9,877	\$ -	160,390	\$ 22.97	\$ 9,877	\$ -	\$ 22.97	\$ 9,877	\$ -
32	28000 LUMEN-250W-H	30	\$ 9.97	\$ 299	\$ -	3,090	\$ 9.97	\$ 299	\$ -	\$ 9.97	\$ 299	\$ -
	Subtotal	171,488		\$ 1,206,336	\$ 31,018	12,523,903		\$ 1,206,336	\$ 31,018		\$ 1,206,336	\$ 31,018
	Former HUEC:											
36	7000 LUMEN-175W-MV	1,118	\$ 4.30	\$ 4,807	\$ -	83,850	\$ 4.30	\$ 4,807	\$ -	\$ 6.95	\$ 7,770	\$ -
37	BASKETT STREET LIG	919	\$ 1.50	\$ 1,379	\$ -	0	\$ 1.50	\$ 1,379	\$ -	\$ 2.42	\$ 2,224	\$ -
38	MEADOW HILL STREET	356	\$ 1.35	\$ 481	\$ -	0	\$ 1.35	\$ 481	\$ -	\$ 2.18	\$ 776	\$ -
39	SPOTTSVILLE STREET	881	\$ 1.70	\$ 1,498	\$ -	0	\$ 1.70	\$ 1,498	\$ -	\$ 2.75	\$ 2,423	\$ -
40	Subtotal	3,274		8,164		83,850		8,164			13,193	
41												
42	Total - all Unmetered lighting	174,762		\$ 1,214,500	\$ 31,018	12,607,753		\$ 1,214,500	\$ 31,018		\$ 1,219,529	\$ 31,018
43				\$ 31,018				\$ 31,018			\$ 31,018	
44				\$ 1,245,518				\$ 1,245,518			\$ 1,250,546	
45				4%				0%			0%	
46	4% consolidation credit			\$ (49,821)				\$ -			\$ -	
47	Wholesale discount adjustment:											
48	12,607,753 kwh @		\$ (0.000658)	\$ (8,296)			\$ (0.000658)	\$ (8,296)		\$ (0.001354)	\$ (17,073)	
49				\$ 1,187,401				\$ 1,237,222			\$ 1,233,473	
50	correction factor			0.0001019				0.0001019			0.0001019	
51				\$ 121				\$ 126			\$ 126	
52	Revenue per books			\$ 1,187,522				\$ 1,237,348			\$ 1,233,599	
	12,523,903 Base Rate W/O HUEC			\$ 1,187,654				\$ 1,237,480			\$ 1,237,479	
	WDA W/O HUEC			\$ (8,241)				\$ (8,241)			\$ (16,960)	
	Total W/O HUEC			\$ 1,179,413				\$ 1,229,239			\$ 1,220,520	

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINES 55-57.

**KENERGY CORP.
CASE NO. 2004-00446**

1	Billings from Wholesale Power Suppliers to Kenergy for Resale to Smelters				<u>\$185,267,358</u>
2					
3	Kenergy Customer Charges:				
4	June 2003 - March 2004	20	x \$6,500	=	\$130,000
5	April 2004:	2 x 21/30	x \$6,500	=	\$9,100
6		2 x 9/30	x \$2,200	=	\$1,320
7	May 2004:	2	x \$2,200	=	<u>\$4,400</u>
8					
9					<u>\$144,820</u>
10					
11	Kenergy Charges @.00005 per KWH:				
12		<u>7,328,045,100</u>	x .00005	=	<u>\$366,402</u>
13					
14					
15					<u>\$185,778,580</u>
16					
17					\$ (144,820)
18					
19					\$ 63,600
20					<u>\$ 63,600</u>
					<u>\$ 185,697,360</u>

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINE 67

KENERGY CORP.
CASE NO. 2004 - 00446
DIRECT SERVED CUSTOMERS (3) - CLASS B - CONSUMPTION ANALYSIS

1
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Billings from Wholesale Power Suppliers to Kenergy for Resale					<u>\$ 21,071,797</u>
Kenergy Customer Charges:					
June 2003 - March 2004	30	x \$2,500	=		\$ 75,000
April 2004:	3 x 21/30	x \$2,500	=		\$ 5,250
	3 x 9/30	x \$860	=		\$ 774
May 2004:	3	x \$860	=		<u>\$ 2,580</u>
					<u>\$ 83,604</u>
Kenergy Charges @.0002 per KWH:					
Energy Resold	700,052,953	x .0002	=		<u>\$ 140,011</u>
Backup Energy	<u>7,378,000</u>				
	707,430,953				
Energy Consumed At Site	380,221,716	x .0002	=		<u>\$ 76,044</u>
Energy Curtiled	170,000	x .0002	=		<u>\$ (34)</u>
					\$ 216,021
					<u>\$ 21,371,421</u>
					\$ (83,604)
					\$ 37,800
					<u>\$ 21,325,617</u>

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINE 69.

KENERGY CORP.
CASE NO. 2004 - 00446
DIRECT SERVED CLASS C CUSTOMERS (2) - FORMER GREC SPECIAL CONTRACT

1	Billings from Wholesale Power Suppliers to Kenergy for Resale		<u>\$1,906,445</u>
2			
3	Kenergy Customer Charges: 24		\$ 100.00
4			<u>2,400</u>
5	Kenergy Charges @.25 PER KW:		
6	112,164 x .25	=	\$ -
7			<u>\$28,041</u>
8	Kenergy Charges @.0025 PER KWH:		
9	61,012,716 x .0025	=	\$ 0.00300
10			<u>\$152,532</u>
11			
12			
13			
14			<u><u>\$2,091,883</u></u>
15	SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINE 71.		\$ 185,438
16			<u>\$4,865</u>
17			\$ 0

KENERGY CORP.
CASE NO. 2004 - 00446
DIRECT SERVED ALL OTHER CLASS C CUSTOMERS (1)

		<u>Proposed</u>	<u>Proposed</u>
1	Billings from Wholesale Power Supplier to Kenergy for Resale to Customer	<u>\$6,188,275</u>	<u>\$6,188,275</u>
2			
3	Kenergy Customer Charges:		
4	127 x \$100	\$12,700	\$12,700
5	Two Pro-Rated Charges (26 + 74)	<u>\$100</u>	<u>\$100</u>
6			
7		<u>\$12,800</u>	<u>\$12,800</u>
8	Kenergy Facility Charges @1.35% PER \$ Investment:		
9	12 months x \$13,811.52	<u>\$165,738</u>	<u>\$165,738</u>
10			
11	Kenergy Charges per KWH:		
12	168,381,716	\$767,820	\$ 0.00300 = \$ 505,145
13	3,855,160	<u>\$11,797</u>	<u>\$ 0.00300 = \$ 11,565</u>
14			
15		<u>\$779,617</u>	<u>\$516,711</u>
16			
17	TOTAL REVENUE	<u><u>\$7,146,430</u></u>	<u><u>\$6,883,524</u></u>
18			
19	CHANGE		<u><u>-\$262,906</u></u>
20			
21			

SEE SUMMARY OF REVENUE- EXHIBIT 9, PAGE 1, LINE 73.

KENERGY
GENERAL LEDGER ACCOUNTS

ACCOUNT	DESCRIPTION
102000	ELECTRIC PLANT PURCHASED OR SOLD
107100	CONSTRUCTION W.I.P.-CONTRACTORS
107200	CONSTRUCTION W.I.P. - KENERGY
107202	DEFERRED LABOR-CONSTRUCTION
107211	SHOP CONST-DIST & GEN PLT EQUIPMT
107212	COMPUTER SYSTEMS-SET UP LABOR
107220	REPLACE UPS-OWENSBORO WAREHOUSE
107225	HANSON OFFICE BUILDING
107230	RATE CASE FOR 2003
107240	KENERGY/BREC JOINT BUILDING PROJECT
107245	BIG RIVERS/KENERGY COMMUNICATIONS
107250	PSC CASE FOR JOINT USE BUILDING
107265	OMU/KENERGY WIRELESS PROJECT
107270	EVALUATION OF GIS
107275	MCLEAN CO BROADBAND GRANT PROJECT
107280	HARTFORD OFFICE BUILDING
107285	HANSON FIBER OPTIC
107290	ROUTING OF FIBER OPTIC-OWENSBORO
107300	CONST W.I.P. SPECIAL EQUIPMENT
107310	CONST W.I.P. CONSUMER CONTRIBUTIONS
107500	LABOR AND OHS-INCLEMENT WEATHER
107800	CATHODIC PROTECTION OF UG CABLE
107900	OVERHEADS - CONTRACTOR WORK ORDERS
108620	ACCUM PROVI DEPRECIATION-SUBSTATION
108621	ACCUM PROVI DEPRECIATION-SCADA
108622	ACCUM PROVI DEPRECIATION-MICROWAVE
108623	ACCUM PROVI DEPRECIATION-TOWERS
108624	ACCUM PROVI DEPR-OWENSBORO FIBER
108664	ACCUM PROVI DEPRECIATION-POLES
108665	ACCUM PROVI DEPRECIATION-OH CONDUCT
108666	ACCUM PROVI DEPRECIATION-UG CONDUIT
108667	ACCUM PROVI DEPRECIATION-UG CONDUCT
108668	ACCUM PROVI DEPRECIATION-TRANSFORME
108669	ACCUM PROVI DEPRECIATION-SERVICES
108670	ACCUM PROVI DEPRECIATION-METERS
108671	ACCUM PROV DEPR-INSTALL ON PREMISES
108673	ACCUM PROVI DEPRECIATION-STR LIGHTS
108700	ACC PROVISION DEPR-BUILDINGS
108710	ACC PROVISION DEPR-OFFICE EQUIPMENT
108720	ACC PROVISION DEPR-TRANSPORTATION
108730	ACC PROVISION DEPR STORES EQUIPMENT
108740	ACC PROV DEPR-SHOP & GARAGE EQUIP
108741	ACC PROVISION DEPR-TOOLS-WORK EQUIP
108750	ACC PROVISION DEPR-LABORATORY EQUIP
108760	ACC PROV DEPR-POWER OPERATED EQUIP

108761	ACC PROVISION DEPR-ROW EQUIPMENT
108770	ACC PROVISION DEPR-COMM EQUIPMENT
108780	ACC PROVISION DEPR-MISC EQUIPMENT
108800	KENERGY RETIREMENT WORK ORDERS
108810	CONTRACTOR RETIREMENT WORK ORDERS
111000	ACCUMULATED AMORT ELEC UTILITY PLT
121000	NONUTILITY PROPERTY
121100	HOME SECURITY CPU
121200	LIFEGARD UNITS
121300	POINT-TO-POINT FIBER SERVICE ASSETS
121400	ALL ASSETS RELATED TO WIRELESS ISP
122000	ACCUM PROVISION FOR NONUTILITY PRTY
122100	DEPR RESERVE FOR HOME SECURITY
122200	DEPR RESERVE FOR LIFEGARD UNITS
122300	DEPRECIATION-POINT-TO-POINT FIBER
122400	DEPRECIATION ON ASSETS RELATED-ISP
123100	INV ASS ORG BIG RIVERS CAP CREDITS
123101	CONTRA-ACCOUNT TO 123.100
123110	INV ASS ORG OTHERS CAP CREDITS
123220	INVESTMENT-CAP TERM CERTIFICATE CFC
123221	INVESTMENT-CTC'S-CFC
123222	CTC'S CFC 3% LOAN
123223	CTC CFC NON-INTEREST BEARING
123230	OTHER INVEST'S ASSOC ORGANIZATIONS
123233	INVESTMENT PCB CERTIFICATE
123234	RECIPROCAL CONTRIBUTION-EDERATED
124100	INVESTMENT-COBANK
124210	INVEST-ECONOMIC DEV-RDK HOSPITALITY
124220	HOME SECURITY SYSTEM LOANS
124230	ECONOMIC DEV-LIBERTY PLAZA
124240	ECO DEV LOAN-LITTLE KY SMOKEHOUSE
124250	ECONOMIC DEV - DAPCO
124270	ECONOMIC DEV LOAN-SCOTT FOAM TECH
124280	ECO LOAN-WEST KY REG IND DEV AUTHOR
124400	INVEST-OHIO CO INDUSTRIAL DEVELOP
124500	INV-DAVISS CO INDUSTRIAL FOUNDATIO
124510	INV-HANCOCK CO INDUSTRIAL FOUNDATIO
124600	ERC LOAN RECEIVABLE
128000	OTHER SPECIAL FUNDS (DEF. COMP.)
131100	CASH GENNERAL FUND-AREA BANK
131110	CASH-GENERAL FUND-US BANK
131111	CASH-PAYROLL ACCOUNT-US BANK
131112	CASH-CAPITAL CREDIT ACCOUNT-US BANK
131113	CASH-SECTION 125 MED ACCT-US BANK
131114	CASH-CONSTRUCTION FUND-US BANK
131115	CASH-MARION BANK AND TRUST
131125	CASH-OHIO VALLEY NATIONAL BANK
131135	CASH-MORGANFIELD NATIONAL BANK
131140	CASH-ONB-SECTION 125 MEDICAL SAVING
131145	CASH-DIXON BANK
131150	CASH CAPITAL CREDITS-AREA BANK
131155	CASH-OLD NATIONAL BANK-MMKT

131165	OLD NATIONAL BANK-PAYROLL ACCOUNT
131175	CASH-FIFTH THIRD BANK-HENDERSON
131180	CASH GEN FUND COMMONWEALTH COMM BK
131185	CASH-OLD NATIONAL BANK
131190	CASH-OLD NATIONAI BANK-CAPITAL CR
131400	CASH TRANSFERS
135000	WORKING FUNDS-PETTY CASH-ETC
136000	TEMPORARY CASH INVESTMENTS
142100	CUSTOMER ACCTS REC-ELECT-HEADQTRS
142101	ACCTS REC-CYCLE 1 (BILLED ON 1ST)
142103	ACCTS REC-CYCLE 3 (BILLED ON 3RD)
142106	ACCTS REC-CYCLE 6 (BILLED ON 6TH)
142108	ACCTS REC-CYCLE 8 (BILLED ON 8TH)
142110	ACCTS REC-CYCLE 10(BILLED ON 10TH)
142111	ACCOUNTS RECEIVABLE-ALCAN
142113	ACCTS REC-CYCLE 13 (BILLED ON 13TH)
142115	ACCTS REC-CYCLE 15(BILLED ON 15TH)
142117	ACCTS REC-CYCLE 17(BILLED ON 17TH)
142120	ACCTS REC-CYCLE 20(BILLED ON 20TH)
142121	ACCTS REC-CYCLE 21 (BILLED ON 21ST)
142124	ACCTS REC-CYCLE 24 (BILLED ON 24TH)
142127	ACCTS REC-CYCLE 27 (BILLED 27TH)
142145	CONSUMER A/R-LANDFILL FEES
142150	CONSUMER A/R ELECTRIC DISCONNECT
142160	ACC-REC COMMONWEALTH ALUMINUM
142170	ACC-REC WEYERHAEUSER
142175	ACCOUNTS REC-ALCAN
142180	ACC-REC CENTURY
142181	ACCT REC-ACCURIDE
142182	ACCTS REC-AMERICAN ENGINEER & CONST
142183	ACCT REC-BRECKENRIDGE(PEABODY)
142185	ACCT REC-CR MINING
142186	ACCT REC-DOTIKI
142187	ACCT REC-TYSON
142188	ACCT REC-KBI ALLOYS
142189	ACCT REC-LODESTAR
142190	ACC-REC ALCOA AUTO CASTINGS
142191	ACCT REC-KMMC L L C
142192	ACCT REC-PATRIOT COAL
142193	ACCT REC-CARDINAL RIVER RESOURCES
142194	ACC-REC ROLL COATER
142195	ACC-REC KIMBERLY CLARK
142196	ACC-REC OHIO COUNTY COAL
142197	ACCT REC-SMITH COAL
142198	ACCT REC-VALLEY GRAIN
142199	ACCTS REC-RAVIN WORLDWIDE
142200	CUSTOMER ACCOUNTS RECEIVABLE
142210	CONSUMER A/R RETURNED CHECKS
142220	A/R - INSURANCE
142240	ACCTS REC-HOME SECURITY MONITORING
142250	A/R-SURGE PROTECTION PROGRAM
142270	ACCTS REC-POINT-TO-POINT FIBER SERV

142280	CUSTOMER ACCTS REC-KELLY & WILLMORE
142290	ACCTS REC-WIRELESS ISP
143000	ACCOUNTS RECEIVABLE - EMPLOYEES
143100	ACCOUNTS RECEIVABLE - OTHER
143300	ACCOUNTS RECEIVABLE-OMU
143400	OTHER A/R-EMPLOYEE CONTRIBUTIONS
143500	ACCTS REC-LABOR-TOWER ATTACHMENTS
143600	ACCTS REC-CUSTOMER BILLINGS
144100	ACC PROV-UNCOLL ACCTS-BANKRUPTCY
144101	UNCLAIMED CONSUMER DEPOSITS
144102	UNCLAIMED CONSUMER ADVANCE PAYMENTS
144110	ACC PROVISION UNCOLL CONS ACCTS
144111	ACC. PROV. FOR UNCOLL.-COLLECT FEES
146000	A/R BIG RIVERS ELECTRIC CORP
154000	MATERIAL-SUPPLIES-ELECTRIC
154100	SPARE SUBSTATION EQUIPMENT
154200	GARAGE INVENTORY ACCOUNT
155000	MATERIALS FOR GT SYSTEMS
155200	INVENTORY-SURGE PROTECTORS
156000	OTHER MATERIALS AND SUPPLIES
163000	STORES EXPENSE - UNDISTRIBUTED
163100	STORES CLEARING - SPREAD ITEMS
165100	PREPAYMENTS - INSURANCE
165120	PREPAID INSURANCE-WORKERS COMP
165200	PREPAYMENTS - OTHER
165210	PREPAYMENTS - PENSION TRUST FUND
165220	PREPAYMENTS - EMPLOYEE INSURANCE
171000	INTEREST DIVIDENDS RECEIVABLE
171100	ERC INTEREST RECEIVABLE
173000	ACCRUED UTILITY REVENUES
182300	OTHER REGULATORY ASSETS
183100	LONG RANGE PLAN
183200	WORK PLAN 2004-2006
183500	WORK PLAN 2003-2004
184100	TRANSPORTATION EXPENSE CLEARING
184403	GEN PLANT DEPRECIATION-CLEARING ACC
184407	PROPERTY TAXES CLEARING ACCT
184408	PAYROLL TAXES-CLEARING ACCOUNT
184409	PSC TAXES-CLEARING ACCOUNT
184588	DISPATCH CENTER, MAIL PICKUP-CLEARING
184903	BILLING-CLEARING ACCOUNT
184910	ADVERTISING-GENERAL CLEARING ACCT
184912	C&I PROGRAM-CLEARING ACCT
184920	GENERAL MANAGEMENT/SUPERV-CLEARING
184921	NON-DIRECT OFFICE EQUIP/SUPPLIES-CL
184922	PRINTING-CLEARING ACCOUNT
184923	OUTSIDE SERVICES-CLEARING ACCT
184924	BUSINESS LIABILITY INS-CLEARING ACC
184925	GENERAL ACCOUNTING-CLEARING ACCT
184926	HEALTH, LIFE DISAB INS-CLEARING ACC
184927	PENSION PLANS-CLEARING ACCT
184929	HUMAN RESOURCES-CLEARING ACCT

184930	PUBLIC RELATIONS-CLEARING ACCT
184931	BOARD OF DIRECTORS-CLEARING ACCT
184932	ECONOMIC DEVELOPMENT-CLEARING ACCT
184935	BUILDING/GROUNDS CLEARING ACCT
184940	OTHER A & G CLEARING ACCT
186000	DEFERRED DEBIT-EMERG TRANSF PROGRAM
186110	POWER COST PREPMT/ENGY DEFERRED PMT
186200	PAST SERVICE PENSION COSTS-NRECA
186210	PENSION-DEFINED BEN(FORMER GR & HU)
186300	RATE CASE 2004
200100	MEMBERSHIPS ISSUED (\$5.00)
200110	MEMBERSHIPS ISSUED (\$25.00)
200120	MEMBERSHIP SERVICE
200200	MEMBERSHIP-SUBSCRIBED-BUT UNISSUED
201100	PATRONS CAPITAL CREDITS- (MEMBERS)
201110	PATRONS CAPITAL CREDITS (NON-MEMBER
201200	PATRONAGE CAPITAL ASSIGNABLE
201201	PATRONAGE CAPITAL - PRIOR YEARS
208000	DONATED CAPITAL-OWENSBORO
208100	DONATED CAPITAL-HENDERSON
217000	RETIRED CAPITAL CREDITS-GAIN-OBORO
217100	RETIRED CAPITAL CREDITS GAIN-HENDER
217200	DECEASED MEMBERS RETAINED CAPITAL
219100	OPERATING MARGINS
219200	NON-OPERATING MARGINS
219400	OTHER MARG & EQUITIES-PRIOR PERIODS
219500	OTHER COMPREHENSIVE INCOME
224120	OTHER LONG TERM DEBT-CFC
224130	CFC NOTES EXECUTED
224140	OTHER L T DEBT - MISCELLANEOUS
224150	NOTES EXECUTED-OTHER DEBT
224160	RUS ECONOMIC DEV LOAN-WEST KY POULT
224165	ECO DEV LOAN-LITTLE KY SMOKEHOUSE
224170	RUS-ECONOMIC DEV LOAN-RDK HOSPITALI
224175	RUS-ECONOMIC DEV LOAN-SCOTT FOAM TE
224180	RUS ECONOMIC DEV LOAN-LIBERTY PLAZA
224185	ECO DEV LOAN-WEST KY REG IND DEV
224190	RUS ECONOMIC DEV LOAN-DAPCO
224300	L T DEBT RUS NOTES EXECUTED 2%
224310	L T DEBT RUS NOTES EXECUTED 5%
224320	L T DEBT RUS NOTES 5% (POST 6-83)
224330	LT DEBT-RUS NOTES EXEC VARIOUS RATE
224340	RUS NOTES EXECUTED-2% (WEST)
224350	RUS NOTES EXECUTED-5% (WEST)
224360	RUS NOTES EXECUTED-VARIABLE (WEST)
224370	FEDERAL FINANCING BANK-NOTES EXECUT
224400	RUS NOTES EXECUTED-CONST DEBT
224470	L T DEBT-FEDERAL FINANCING BANK
224500	INTEREST ACCRUED DEFERRED RUS NOTES
224600	RUS ADVANCED PAYMENTS UNAPPLIED
228100	ACCRUED LEAVE-K WEST EMPLOYEES
228200	POST RETIREMENT HEALTH INS-HEADQTRS

228250	POST RET HEALTH BENEFITS-DIRECTORS
228300	POST RETIREMENT HEALTH INS-OBORO
228310	HEALTH INSURANCE-2001 RETIREES
228320	HEALTH INSURANCE-LTD EMPLOYEES
228330	ADDITIONAL MINIMUM LIABILITY-PENSIO
228400	ACCUM MISC OPERATING PROVISIONS
231000	NOTES PAYABLE - SHORT TERM
231100	NOTES PAYABLE-RUS/COBANK
232100	ACCOUNTS PAYABLE GENERAL
232110	ACCTS PAYABLE-KELLY & WILLMORE ISP
232200	ACCTS PAYABLE CUSTOMERS OVERPAYMENT
235000	CONSUMERS DEPOSITS-OWENSBORO
235100	CONSUMER DEPOSIT-COMMONWEALTH
235200	CONSUMER DEPOSIT-AMERICAN ENGINEERI
235300	CONSUMER DEPOSIT-ACMI
235400	CONSUMER DEPOSIT-STEAMPORT
235500	CONSUMER DEPOSITS-HENDERSON
236100	ACCRUED PROPERTY TAXES
236200	ACCRUED FED UNEMP TAXES
236300	ACCRUED OVERHERD COSTS-MAJOR STORM
236400	KY UNEMPLOYMENT INSURANCE TAX
237100	INTEREST ACCRUED-REA CONSTRUCTION
237110	INTEREST ACCRUED-CFC
237200	INTEREST ACCRUED-COBANK
237210	INTEREST ACCRUED-FEDERAL FINANACING
237300	INTEREST ACCR.-LINE OF CREDIT NOTES
237400	ACC INT EXP-CONSUMER DEPOSITS-OBORO
237410	ACCRUED INTEREST-CONS DEPOSITS-HQ
237420	ACCRUED INTEREST-COMMONWEALTH DEPOS
237430	ACCRUED INTEREST-AMERICAN ENGINEERI
237440	ACCRUED INTEREST-ACMI (ALCOA)
237450	ACCRUED INTEREST-STEAMPORT
238100	PATRONAGE CAPITAL PAYABLE
241000	TAXES PAYABLE-SALES TAX
241100	TAXES PAYABLE-U S INCOME TAX W/HELD
241200	TAXES PAYABLE-KY INCOME TAX W/HELD
241250	TAXES PAYABLE-INDIANA TAX W/HELD
241300	TAXES PAYABLE-HANCOCK CO OCC TAX
241310	OHIO CO OCCUPATIONAL TAX
241320	CALDWELL COUNTY OCCUPATIONAL TAX
241330	MARION OCCUPATIONAL TAX
241340	MCLEAN COUNTY OCCUPATIONAL TAX
241350	ACCRUED GROSS REVENUE TAX-CRITTENDE
241400	TAXES PAYABLE-OHIO CO UTILITY
241450	ACCRUED GROSS REVENUE TAX-CALDWELL
241500	TAXES PAYABLE-HANCOCK CO UTILITY
241550	ACCRUED GROSS REVENUE TAX-UNION CO
241600	TAXES PAYABLE-DAVISS CO UTILITY
241650	ACCRUED GROSS REV TAX-LIVINGSTON
241700	TAXES PAYABLE-MCLEAN CO UTILITY
241750	ACCRUED GROSS REV TAX-PROVIDENCE
241800	TAXES PAYABLE-HENDERSON CO UTILITY

241850	ACCRUED GROSS REVENUE TAX-LYON CO
241870	TAXES PAYABLE-BRECKENRIDGE CO
241900	TAXES PAYABLE-WEBSTER CO UTILITY
241950	TAXES PAYABLE - HOPKINS CO. UTILITY
241970	TAXES PAYABLE-OWENSBORO FRANCHISE
241990	TAXES PAYABLE-DAVIESS CO. LANDFILL
242200	ACCRUED PAYROLL
242210	PAYROLL DEDUCTION-UNITED FUND
242220	PAYROLL DEDUCTION-CREDIT UNION
242230	PAYROLL DED-SURE CONTRUBUTION
242240	PAYROLL DED-CANCER & LIFE INS
242250	PAYABLE-DEFINED CONTR PENSION PLAN
242260	401K LOAN REPAYMENT
242270	SECTION 125 PREMIUM
242280	SECTION 125 MEDICAL SAVINGS
242300	ACCRUED VACATION
242320	ACCRUED LEAVE
242410	WINTERCARE PAYABLE
242500	OTHER CURRENT/ACCRUED LIABILITIES
242700	ACCRUED NRECA DUES
252000	CONSUMER ADV FOR CONST-MOBILE HOMES
252100	CONSUMER ADV FOR CONST-TEMP SERVICE
252200	CUSTOMER CONTRIBUTIONS-NEW LINE
253000	ADVANCE JOINT-USE RENTAL
253100	CONSUMER ACCOUNT CR BALANCES-REFUND
253120	UNREDEEMED GIFT CERTIFICATES
253150	CONSUMER CLEARING ACCOUNT-OTHER
253200	OTHER DEFERRED CREDITS-BREC ECO DEV
253300	OTHER DEFERRED CREDITS-SPECIAL EQP
253400	CUSTOMERS CONST PAYMENT-NEW LINE
302000	FRANCHISES AND CONSENTS
360000	DIST PLANT-LAND AND LAND RIGHTS
360100	DIST PLANT-LAND AND LAND RIGHTS
362000	DIST PLANT-STATION EQUIPMENT
362100	DIST PLANT-SUPERVISORY CONTROL EQP
362200	MICROWAVE SYSTEM-EQUIPMENT
362223	MICROWAVE SYSTEM TOWERS
362400	DIST PLANT-OWENSBORO FIBER
364000	DIST PLANT-POLES-TOWERS-FIXTURES
365000	DIST PLANT-OVERHEAD CONDUCTORS
366000	UNDERGROUND CONDUIT
367000	DIST PLANT-UNDERGROUND CONDUCTORS
368000	DIST PLANT-LINE TRANSFORMERS
369000	DIST PLANT-SERVICES
370000	DIST PLANT-METERS
371000	DIST PLANT-INSTALLED ON CONSUMER
373000	DIST PLANT-STREET&SIGNAL SYSTEMS
389000	GEN PLANT-LAND & LAND RIGHTS
390000	GEN PLANT-STRUCTURES & IMPROVEMENTS
390100	STRUCTURES & IMPROVEMENTS-MARION
390200	STRUCTURES & IMPROVEMENTS-STRUGIS
391000	GEN PLANT-OFFICE FURN & FIXTURES

391100	COMPUTER AND RELATED EQUIPMENT
391110	COMPUTER SOFTWARE
391150	FIBER OPTIC EQUIPMENT
392000	GEN PLANT-TRANSPORTATION EQUIPMENT
392100	GEN PLANT-R.O.W. TRANS EQUIPMENT
393000	GEN PLANT-STORES EQUIPMENT
394000	GEN PLANT-SHOP & GARAGE EQUIPMENT
394100	GEN PLANT-TOOLS & WORKING EQUIPMENT
394200	GEN PLT - ROW TOOLS & WORKING EQUIP
395000	GEN PLANT-LABORATORY EQUIPMENT
395100	LABORTORY EQUIPMENT-MICROWAVE SYS
395200	FIBER OPTIC TEST EQUIPMENT
396000	GEN PLANT-POWER OPERATED EQUIPMENT
396100	GEN PLANT-RIGHT-OF-WAY EQUIPMENT
396200	GEN PLANT-POWER OPERATED EQUIPMENT
396300	GEN PLANT-TRACK VEHICLES
397000	GEN PLANT-COMMUNICATION EQUIPMENT
397100	GEN PLT-COMM EQUIP UNDER CAP LEASE
397200	GENERAL PLANT-FIBER OPTIC SONET
398000	GEN PLANT-MISCELLANEOUS EQUIPMENT
398100	GEN PLANT-GIS EQUIPMENT
403220	GENERAL PLANT DEPRECIATION-CLASS A
403230	GENERAL PLANT DEPRECIATION-CLASS B
403240	GENERAL PLANT DEPRECIATION-CLASS C
403250	DEPRE-DIST PLANT-CLASS C
403600	DEPRECIATION EXP-DISTRIBUTION PLANT
403700	DEPRECIATION EXP-GENERAL PLANT
404000	AMORTIZATION LIMITED TERM ELEC PLT
408120	PROPERTY TAXES-CLASS A
408130	PROPERTY TAXES-CLASS B
408140	PROPERTY TAXES-CLASS C
408700	TAXES-OTHER
408710	REGULATORY ASSESSMENT TAX
408720	REGULATORY ASSESSMENT TAX-CLASS A
408730	REGULATORY ASSESSMENT TAX-CLASS B
408740	REGULATORY ASSESSMENT TAX-CLASS C
415000	REVENUES FROM GEOTHERMAL
415200	REVENUE-ELECTRIC GRILLS
415500	REVENUES FROM WATER HEATER PROGRAM
415510	BREC REBATES - WATER HEATERS
415600	REVENUES-SURGE PROTECTOR SALES
415601	REVENUE-SURGE PROTECTORS LEASED
415700	REVENUES-AMUSEMENT PARK TICKET
416000	COSTS & EXPENSES-GEOTHERMAL
416100	GENERAL MERCHANDISING ACTIVITIES
416200	COST & EXPENSES-ELECTRIC GRILLS
416500	COST AND EXPENSES - WATER HEATERS
416600	COST & EXPENSES - SURGE PROTECTORS
416700	COST & EXPENSES-AMUSEMENT PK TICKET
416900	COST & EXPENSES-HOME SECURITY SYS
417000	REVENUES-NON UTILITY OPS
417002	REVENUE-INTERNET-LOCAL/LONG DISTANC

417003	REVENUE-HOME SECURITY MONITORING
417004	REVENUE-HOME SECURITY MAINTENANCE
417006	POINT-TO-POINT FIBER SERVICE-REVENU
417007	REVENUE-WIRELESS ISP
417100	EXPENSES-NON UTILITY OPS
417102	EXPENSES-INTERNET-LOCAL/LONG DISTAN
417103	EXPENSES-HOME SECURITY MONITORING
417105	EXPENSES-HOME SECURITY
417106	EXPENSES-POINT TO POINT FIBER SERV
417107	EXPESES-WIRELESS ISP
418100	EQUITY IN EARNINGS OF SUBSIDIARY
419000	INTEREST-DIVIDEND INCOME
419100	INTEREST-COMMONWEALTH DEPOSIT
419300	ERC INTEREST INCOME
419400	INTEREST-HOME SECURITY SYS LOANS
421000	MISC NON-OPERATING INC-DEDUCTIONS
421100	GAIN ON DISPOSITION OF PROPERTY
421200	LOSS ON DISPOSITION OF PROPERTY
421220	NON-OPERATING INCOME CLASS A
421230	NON-OPERATING INCOME CLASS B
421240	NON-OPERATING INCOME CLASS C
423000	G AND T COOP CAPITAL CREDITS
423100	CONTRA-ACCOUNT G & T CAPITAL CR
424000	OTHER CAPITAL CR ALLOCATIONS
426100	OTHER INCOME DEDUCTIONS-DONATIONS
426400	MISC INC DED-EXP FOR CIVIC POL ACT
426500	MISC INC DED-OTHER DEDUCTIONS
427100	INTEREST ON REA CONSTRUCTION LOAN
427125	INTEREST RUS-CLASS C
427200	INTEREST -LONG TERM DEBT-CFC
427210	INTEREST ON COBANK LOANS
427220	INTEREST-FEDERAL FINANCING BANK
427300	INTEREST ON CWIP
431000	INTEREST EXP - CONSUMER DEPOSITS
431100	INTEREST EXPENSE-SHORT TERM LOANS
431200	INTEREST EXPENSE-COMMONWEALTH DEPOS
431300	INTEREST EXP-AMERICAN ENG DEPOSIT
431400	INTEREST EXPENSE-ACMI (ALCOA)
431500	INTEREST EXPENSE-STEAMPORT
434000	EXTRAORDINARY INCOME
435000	EXTRAORDINARY DEDUCTIONS
435100	CUMULATIVE EFFECT ON PRIOR YEARS
440000	CONSOLIDATION CREDIT
440100	REVENUE-RESIDENTIAL(EXCLUD SEASONAL
440200	REVENUE-RESIDENTIAL-SEASONAL
442100	REVENUE-COMMERCIAL-SINGLE PHASE
442101	REV-COMMERCIAL-3PHASE-UNDER 1000KW
442102	REVENUE-FORMER HUEC 3PHASE 0-50KVA
442103	REVENUE-FORMER HUEC-PIONEER PLASTIC
442200	REV-COMMERCIAL-3PHASE(OVER 1000KW)3
442201	REV-COMMERCIAL 3PH(OVER 2000KW)R-31
442210	REVENUE-COMM-COMMONWEALTH ALUMINUM

442219	REVENUE-ALCAN
442220	REVENUE-INDUSTRIAL-WEYERHAEUSER
442229	REVENUE-GRAIN DRYING SERVICE (HQ)
442230	REVENUE-COMM-INDUSTRIAL-CENTURY
442240	REVENUE-INDUSTRIAL ALCOA AUTO CAST
442280	REVENUE-COMM- ROLL COATER
442290	REVENUE-INDUSTRIAL-KIMBERLY CLARK
442291	REVENUE-INDUSTRIAL-OHIO COUNTY COAL
442801	REVENUE-ACCURIDE
442802	REVENUE-AMERICAN ENGINEER & CONST
442803	REVENUE-BRECKENRIDGE
442806	REVENUE-DOTIKI #3
442807	REVENUE-TYSON
442808	REVENUE-KBI ALLOYS
442809	REVENUE-LODESTAR ENERGY
442810	REVENUE-KMMC L L C
442811	REVENUE-PATRIOT COAL
442812	REVENUE-CARDINAL RIVER RESOURCES
442813	REVENUE-SMITH COAL
442814	REVENUE-VALLEY GRAIN
442815	REVENUE-RABIN WORLDWIDE
442819	REV-LARGE POWER 3 CLASS O (HQ)
444000	REVENUE-PUBLIC STREET&HWY LIGHTS 5
445000	REVENUE-PUBLIC AUTHORITIES-SINGLE P
445100	REVENUE-PUBLIC AUTHORITIES-3PHASE
450000	REVENUE-FORFEITED DISCOUNTS
450220	FORFEITED DISCOUNTS-CLASS A
450230	FORFEITED DISCOUNTS-CLASS B
450240	FORFEITED DISCOUNTS-CLASS C
451000	REVENUE-TURN-ON CHARGE
451100	REVENUE-RECONNECT CHARGE
451200	REVENUE-TERMINATION OR FIELD CONNEC
451220	MISC SERVICE REVENUES-CLASS A
451230	MISC SERVICE REVENUE-CLASS B
451240	MISC SERVICE REVENUE-CLASS C
451300	REVENUE-SPECIAL METER READING CHARG
451400	REVENUE-METER TEST CHARGE
451500	REVENUE-RETURNED CHECK CHARGE
451600	REVENUE-UNNECESSARY TRIP BY S/MAN
454000	REVENUE-RENT FROM BELL SOUTH ATTACH
454100	REVENUE-RENTAL FROM TOWER LEASES
454110	REVENUE-RENT FROM CABLE CO ATTACHME
454200	REVENUE-RENTAL PERSONAL PROPERTY
456000	KY SALES TAX RETURN COMPENSATION
555000	PURCHASED POWER RURAL
555101	PURCHASED POWER-ACCURIDE
555102	PURCHASED POWER-AMERICAN ENGINEERIN
555103	PURCHASED POWER-BRECKENRIDGE
555106	PURCHASED POWER-DOTIKI #3
555107	PURCHASED POWER-TYSON
555108	PURCHASED POWER-KBI ALLOYS
555109	PURCHASED POWER-LODESTAR ENERGY

555110	PURCHASED POWER-KMMC L L C
555111	PURCHASED POWER-PATRIOT COAL
555112	PURCHASED POWER-CARDINAL RIVER RES
555113	PURCHASED POWER-SMITH COAL
555114	PURCHASED POWER-VALLEY GRAIN
555115	PURCHASED POWER-RABIN WORLDWIDE
555200	PURCHASED POWER-COMMONWEALTH ALUM
555300	PURCHASED POWER-WEYERHAEUSER
555400	PURCHASED POWER-LEM-CENTURY
555401	PURCHASED POWER-BREC-CENTURY
555402	PURCHASED POWER-SIGECO-CENTURY
555403	PURCHASED POWER-MORGAN STANLEY(CENT
555500	PURCHASED POWER--ALCOA AUTO CASTIN
555600	PURCHASED POWER-LEM-ALCAN
555601	PURCHASED POWER-CINERGY-ALCAN
555602	PURCHASED POWER-SIGECO-ALCAN
555603	PURCHASED POWER-BREC-ALCAN
555900	PURCHASED POWER- ROLL COATER
555950	PURCHASED POWER-KIMBERLY CLARK
555960	PURCHASED POWER-OHIO COUNTY COAL
580000	DISTRIBUTION-EXP-OPS-SUPERVISION
581000	LOAD DISPATCHING & VOLTAGE CONTROL
582000	DISTRIBUTION-EXP-OPS STATION EXP
582200	DIST EXP OPR - MICROWAVE SYSTEM
583000	DISTRIBUTION-EXP-OPS OVERHEAD LINE
583100	OPERATION OVERHEAD LINES-MAJOR STOR
583200	OVERHEAD LINE EXP-SPECIAL EQUIPMENT
583300	OVERHEAD LINE EXP-PCB INSPECTIONS
583400	PSC LINE PATROL
583500	OSMOSE POLE INSPECTION-COOP LABOR
584000	DISTRIBUTION-EXP-OPS-UNDERGROUND
584200	UNDERGROUND LINE EXP-SPECIAL EQUIP
584400	PSC LINE PATROL-UNDERGROUND
586000	DISTRIBUTION-EXP-OPS METERS
586100	DISTRIBUTION EXP-OPS SPECIAL TEST
587000	DIST EXP-OPS CONSUMER INSTALLATION
588000	DIST EXP-OPS MISCELLANEOUS DIST
588100	DIST EXP-OPS STORM DAMAGE-DISPATCH
588200	DIST EXP-OPS STORM DAMAGE-PHONES
590000	DIST EXP-MAIN-SUPERVISION-ENG
592000	DIST EXP-MAIN-STATION EQUIPMENT
592100	DIST EXP-MAIN-SUPERVISORY CONTROL
592200	DIST EXP MAIN-MICROWAVE SYSTEM
592250	DIST EXPENSE-STATION EQUIP-CLASS C
593000	DIST EXP-MAIN-OVERHEAD LINES
593200	DIST EXP-MAIN-STORM DAMAGE
593250	DIST EXPENSE-OVERHEAD LINE-CLASS C
593300	MAINTENANCE OF OVERHEAD LINES-ROW
593400	REPAIRS/PSC LINE PATROL
593500	DIST EXP-MAIN-OVERHD LINES CREW 50
593600	DIST EXP-MAIN-OVERHD LINES CREW 55
593700	DIST EXP-MAIN-OH LINES TEMP CREWS

594000	DIST EXP-MAIN-UNDERGROUND LINES
595000	DIST EXP-MAIN-LINE TRANSFORMERS
596000	DIST EXP-MAIN-ST LIGHTS-SIGNALS
597000	DIST EXP-MAIN-METERS
598000	DIST EXP-MISC DISTRIBUTION PLT
901000	CONSUMER ACC EXP-OPS SUPERVISION
902000	CONS ACC EXP-OPS ANN METER READING
902100	CONSUMER ACC EXP-OPS METER READING
902220	METER READING-CLASS A
902230	METER READING-CLASS B
902240	METER READING- CLASS C
903000	CONSUMER ACC EXP-OPS RECORD-COLLECT
903100	CONSUMER ACC EXP-OPS RECORD COLLECT
903200	DATA PROCESSING EXPENSE
903220	BILLING-CLASS A
903230	BILLING-CLASS B
903240	BILLING-CLASS C
904000	CONSUMER ACC EXP-OPS UNCOLLECT-ACCT
904220	BAD DEBT-CLASS A
904230	BAD DEBT-CLASS B
904240	BAD DEBT-CLASS C
907000	ADM/CONSUMER SVC AND INFOR. EXP.
907300	WATER HEATER EXPENSE
908000	CUSTOMER ASSISTANCE EXPENSE
908100	CUSTOMER ASSIST EXP-RCS AUDIT
908200	CUSTOMER ASST EXP-CACS AUDIT
908220	CUSTOMER ASSISTANCE-CLASS A
908240	CUSTOMER ASSISTANCE-CLASS C
908300	GREC REBATES - WATER HEATERS
908400	CUSTOMER ASSISTANCE-KEY ACCOUNTS
909000	INFORMATIONAL ADVERTISING
909100	INFORMATION & ADVER EXP-RCS PROGRAM
909200	INFORMATION & ADV EXP-CACS PROGRAM
909300	INFORMATION & ADV - WATER HEATER
910000	MISC CUSTOMER SERVICE & INFO EXP
910100	MISC CUSTOMER SERV EXPENSE-RCS PROG
910200	MISC CUSTOMER SERV EXP-CACS PROGRAM
910300	COST AND EXPENSES - WATER HEATERS
912000	DEMONSTRATING AND SELLING EXPENSE
913000	MEMBER AND PUBLIC RELATION EXPENSES
913220	C & I PROGRAM-CLASS A
913230	C & I PROGRAM-CLASS B
913240	C & I PROGRAM-CLASS C
920000	ADM-GEN EXP-OPS-EXECUTIVE SALARY
920100	ADM-GEN EXPENSE-OPS-STAFF SALARIES
920200	ADM-GEN EXPENSE-OPS-GEN OFF SALARY
920220	DIRECT MANAGEMENT LABOR-CLASS A
920221	ALLOCATED GEN MANAGEMENT-CLASS A
920222	EMPLOYEE TRAINING & OTHER CLASS A
920230	DIRECT MANAGEMENT LABOR-CLASS B
920231	ALLOCATED GEN MANAGEMENT-CLASS B
920232	EMPLOYEE TRAINING & OTHER CLASS B

920240	DIRECT MANAGEMENT LABOR-CLASS C
920241	ALLOCATED GEN MANAGEMENT-CLASS C
920242	EMPLOYEE TRAINING & OTHER-CLASS C
920300	ADM-GEN EXPENSE-OPS-OFFICE SALARIES
921000	ADM-GEN EXPENSE
921220	OFFICE EQUIP/SUPPLIES CLASS A
921221	PRINTING CLASS A
921230	OFFICE EQUIP/SUPPLIES CLASS B
921231	PRINTING CLASS B
921240	OFFICE EQUIP/SUPPLIES CLASS C
921241	PRINTING CLASS C
923000	OUTSIDE SERVICES - GENERAL
923100	OUTSIDE SVCS-DISPOSAL SITE CLEANUP
923200	OUTSIDE SVCS-HAWESVILLE MUNICIPAL
923220	DIRECT OUTSIDE SERVICES CLASS A
923230	DIRECT OUTSIDE SERVICES CLASS B
923240	DIRECT OUTSIDE SERVICES CLASS C
923300	OUTSIDE SVCS-BREC BANKRUPTCY
924000	PROPERTY INSURANCE
925000	INJURIES AND DAMAGES
926000	EMPLOYEE PENSIONS AND BENEFITS
927000	FRANCHISES-ANNUAL
928000	REGULATORY COMM. EXPENSE
928100	EXPENSES-2004 RATE CASE
928220	PSC EXPENSE-CLASS A
928230	PSC EXPENSE-CLASS B
928240	PSC EXPENSES-CLASS C
930100	GENERAL ADVERTISING EXPENSES
930200	MISC. GENERAL EXPENSES
930201	DUES ASSOC. & COMMUNITY AGENCY
930203	GENERAL EXPENSE-ANNUAL MTG & CAP CR
930204	GENERAL EXPENSE-OTHER
930210	DIRECTORS FEES & EXPENSES
930220	ADVERTISING GENERAL-CLASS A
930221	OTHER A & G CLASS A
930230	ADVERTISING GENERAL-CLASS B
930231	OTHER A & G CLASS B
930240	ADVERTISING GENERAL-CLASS C
930241	OTHER A & G CLASS C
935000	MAINT OF GENERAL PLANT
935100	MAINT OF MOBILE RADIO SYSTEM
935220	BUILDINGS/GROUNDS CLASS A
935230	BUILDINGS/GROUNDS CLASS B
935240	BUILDING/GROUNDS CLASS C