

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

FEB 07 2005

PUBLIC SERVICE COMMISSION

In the Matter of:)

THE APPLICATION OF KENERGY CORP.) CASE NO. 2004-00446
FOR REDUCTION IN REVENUE AND)
ADJUSTMENT OF EXISTING RATES)

RESPONSE OF KENERGY CORP. TO SECOND DATA
REQUEST OF COMMISSION STAFF

DORSEY, KING, GRAY, NORMENT & HOPGOOD
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Attorneys for Kenergy Corp.

By Frank N. King, Jr.
FRANK N. KING, JR.

I hereby certify that this Response has been served upon the Attorney General of Kentucky, Office of Rate Intervention, 1024 Capital Center Drive, Frankfort, Kentucky 40601, and Michael L. Kurtz, Esq., Boehm, Kurtz & Lowry, 36 East Seventh Street, Suite 2110, Cincinnati, Ohio 45202, counsel for Kentucky Industrial Utility Customers, Inc., by mailing true and correct copies of same on this 4th day of February, 2005.

Frank N. King, Jr.
Frank N. King, Jr.

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005

CASE NO. 2004-00446

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Item 1) Refer to the Application, Exhibit 3A, page 20. Kenergy uses a mileage rate of 40 cents per mile in the cost justifications for Turn-Ons, Reconnects, Terminations, Meter Readings and Meter Tests. Explain how Kenergy arrived at the 40 cents per mileage rate and provide all calculations and workpapers used to calculate the mileage rate.

Response) The 40 cents per mileage rate was originally used and approved by the PSC in Case No. 2000-395. The calculation is attached as Item 1, page 2 of 3. An updated calculation using 2004 data is attached as Item 1, page 3 of 3, showing a per mileage rate of 51 cents. Utilizing the updated 51 cents per mile would not change the proposed \$30.00 or \$80.00 fee, which is rounded down to the nearest multiple of 10 for ease of use. The Internal Revenue Service standard mileage rate for 2005 is 40.5 cents.

Witness) Steve Thompson

SERVICE TRUCKS
JULY 99-JUNE 00

		<u>TOTAL COST</u>	<u>MILES</u>	<u>COST/MILE</u>
343	97 FORD 4X4	\$12,210.21	30,642.0	0.3985
344	97 FORD 4X4	\$12,056.90	33,862.0	0.3561
345	97 FORD 4X4	\$10,277.77	23,128.0	0.4444
346	97 FORD 4X4	\$9,130.72	24,662.0	0.3702
358	98 FORD 4X4	\$15,833.30	40,226.0	0.3936
359	98 FORD 4X4	\$13,072.04	36,013.0	0.3630
360	98 FORD 4X4	\$10,976.26	26,015.0	0.4219
361	98 FORD 4X4	\$12,081.54	32,191.0	0.3753
		<hr/>		
		\$43,675.60	112,294.0	0.3889

KENERGY
SERVICE TRUCKS
2004

VEHICLE NUMBER	DESCRIPTION	COST	MILES DRIVEN	COST/MILE
345	1997 FORD 4X4	\$ 2,879.38	9,077	0.31722
346	1997 FORD 4X4	\$ 3,261.84	12,608	0.25871
360	1998 FORD 4X4	\$ 8,703.61	12,685	0.68613
361	1998 FORD 4X4	\$ 8,191.54	11,983	0.68360
406	2000 CHEV 4X4	\$ 10,706.97	16,969	0.63097
427	2001 FORD 4X4	\$ 10,933.88	22,745	0.48072
428	2001 FORD 4X4	\$ 8,845.05	17,304	0.51116
450	2003 CHEV 4X4	\$ 8,164.04	17,560	0.46492
		<u>\$ 61,686.31</u>	<u>120,931</u>	0.51010

**KENERGY CORP.
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Item 2) Refer to the Application, Exhibit 3A, page 25. Net plant investment and gross plant investment are used in calculating the net to gross ratio of 80 percent.

a. Explain whether this is the lowest level of detail for which Kenergy maintains its records for depreciation.

b. If available, provide the gross and net balances for account 364, Poles, Towers, and Fixtures.

Response) a) Kenergy maintains an accumulated depreciation account for each primary plant account.

b)	Gross balance account 364 – Poles, Towers, and Fixtures	-	\$53,506,808
	Net balance account 364 – Poles, Towers, and Fixtures	-	\$46,680,848

Witness) Steve Thompson

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Item 3) – Refer to the Application, Exhibit 3B, page 29. Kenergy proposes to increase its deposit charge for residential customers from \$75 to \$150. Explain why Kenergy believes such an increase is necessary. Include with the explanation all calculations and supporting documents used by Kenergy to arrive at the \$150 deposit amount.

Response) The increase is necessary to cause the deposit amount to represent 2/12ths of the average annual bill, the maximum amount allowed by 807 KAR 5:006, Section 7 Deposits. The \$75.00 amount was established in 1982. The \$150.00 is determined by multiplying the proposed residential average monthly bill of \$76.93 times 2, rounded down to \$150.00.

Residential proposed revenue --

(Exhibit 9, page 1, line 5, column L) -	<u>\$41,863,586</u>
Average number of Customers -	45,346 = \$932.20 times 2/12ths = \$155.37

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
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Item 4) Refer to the Application, Exhibit 5, page 14.

a. Provide health insurance premium statements as of January 1, 2005 reflecting the premium increases for medical, dental, life and disability coverage.

b. Does the Labor Overheads Adjustment factor reflect the portion of the health insurance premium paid by Kenergy's employees? If no, recalculate the adjustment reflecting the portion paid by Kenergy's employees.

c. Provide a schedule using an employee identifier other than the employee name showing the amount of insurance coverage, total premium paid, and premium for coverage above \$50,000.

Response) a) Item 4, pages 2 – 8 of 10, contain the above referenced information. The invoices were modified to remove former employees. Please refer to response to Item 18 where Kenergy concurs that these expenses should be removed for rate-making purposes.

b) Yes.

c) Item 4, pages 9 and 10 of 10, contain the above referenced information.

Witnesses) a & c) Keith Ellis

b) Steve Thompson

NRECA Monthly Statement
01-18065-002 (Former HUEC employees hired before consolidation)

Dental Plan	
Monthly – 59 x \$31.06 = \$1,832.54	
Family -- 48 x \$64.43 = \$3,092.64	
Total Monthly Dental	\$ 4,925.18
Employee Life – 59 (3 x salary) 9,021,000 x 0.00003 =	\$ 2,706.30
AD&D equals Life	
Dependent Life – 59 x 3.50 =	\$ 206.50
Medical Plan A Monthly – 13	
Child(ren) 1x \$ 710.61 = \$ 710.61	
Family 8 x \$1,058.79 = \$ 8,470.32	
Spouse 4 x \$ 781.43 = <u>\$ 3,125.72</u>	
Total Medical Plan A	\$12,306.65
Medical Plan B Monthly – 45	
Children 3 x \$ 710.61 = \$ 2,131.83	
Family 19 x \$ 1,058.79 = \$ 20,117.01	
Spouse 23 x \$ 781.43 = <u>\$ 17,972.89</u>	
Total Medical Plan B	\$ 40,221.73
Prescription Plan A Monthly – 13	
Child(ren) 1 x \$ 155.89 = \$ 155.89	
Family 8 x \$ 230.50 = \$1,844.00	
Spouse 4x \$ 171.06 = <u>\$ 684.24</u>	
Total Prescription Plan A	\$ 2,684.13
Prescription Plan B Monthly – 45	
Children 3 x \$155.89 = \$ 467.67	
Family 19 x \$230.50 = \$ 4,379.50	
Spouse 23 x \$171.06 = <u>\$ 3,934.38</u>	
Total Prescription Plan B	\$ 8,781.55
Long Term Disability Monthly – 59	
(Annual x .052/100) 2,980,987 x .052 =	\$ 1,550.14
Total Statement	\$73,382.18



**National Rural Electric
Cooperative Association**
A Touchstone Energy Cooperative

SUMMARY STATEMENT FOR GROUP INSURANCE PROGRAMS

01-18065-002
KENERGY CORP
P O BOX 18
6402 OLD CORYDON ROAD
HENDERSON KY 42419

PAGE...39
INVOICE NO.
5020531

PROGRAM	BILL MODE TIERING	PARTICIPANT/SCHEDULED BILL COUNT / VOLUME	PREMIUM DOLLARS	ADJUSTMENTS	TOTAL COST	TOTAL(S)
DENTAL PLAN STD DEP COVERAGE	MONTHLY FAMILY	66 59 52 48	5,400.92 4,925.18		5,400.92 4,925.18	5,400.92 4,925.18
.. TOTAL DENTAL PLAN						
EMPLOYEE LIFE AD&D EQUALS LIFE VOL 3 X SALARY	MONTHLY	59 62 59 62 62	9,399.000 9,021,000		9,399.000 9,021,000	
.. TOTAL EMPLOYEE LIFE						
DEPENDENT LIFE \$10,000 AMOUNT	MONTHLY	59 59	2,706.30		2,706.30	2,706.30 ✓
.. TOTAL DEPENDENT LIFE						
MEDICAL PPO PLAN A TIERED DEP COV 19/25 TIERED DEP COV 19/25 TIERED DEP COV 19/25	CHILD(REN) FAMILY SPOUSE	21 13 1 8 11 4	15,052.92 12,306.65		15,052.92 12,306.65	15,052.92 12,306.65
.. TOTAL MEDICAL PPO PLAN A						
MEDICAL PPO PLAN B TIERED DEP COV 19/25 TIERED DEP COV 19/25 TIERED DEP COV 19/25	CHILD(REN) FAMILY SPOUSE	70 45 3 20 19 38 23	47,979.82 40,221.73		47,979.82 40,221.73	47,979.82 40,221.73
.. TOTAL MEDICAL PPO PLAN B						
RX PPO PLAN A TIERED DEP COV 19/25 TIERED DEP COV 19/25 TIERED DEP COV 19/25	CHILD(REN) FAMILY SPOUSE	21 13 1 8 11 4	4,443.57 2,684.13		4,443.57 2,684.13	4,443.57 2,684.13
.. TOTAL RX PPO PLAN A						
RX PPO PLAN B TIERED DEP COV 19/25 TIERED DEP COV 19/25 TIERED DEP COV 19/25	CHILD(REN) FAMILY SPOUSE	70 45 3 20 19 38 23	13,953.97 8,781.55		13,953.97 8,781.55	13,953.97 8,781.55



SUMMARY STATEMENT FOR GROUP INSURANCE PROGRAMS

PAGE.....40
 INVOICE NO.
 5020531

O1-18065-002
 KENERGY CORP
 P O BOX 18
 6402 OLD CORYDON ROAD
 HENDERSON KY 42419

PROGRAM	BILL MODE TIERING	PARTICIPANT/SCHEDULED BILL C O U N T / V O L U M E	PREMIUM DOLLARS	ADJUSTMENTS	TOTAL COST	TOTAL(S)
.. TOTAL RX PPO PLAN B			43,953.97		13,953.97	8,781.55
LONG TERM DISABILITY 26 WEEK/66 2/3%	MONTHLY	59 2,980,987 ✓ 59	1,550.14 ✓		1,550.14 ✓	
.. TOTAL LONG TERM DISABILITY			1,550.14		1,550.14	1,550.14 ✓
... PREMIUM TOTAL						80,693.54
***** TOTAL FOR ORGANIZATION						73,382.18

STATEMENT DATE PREMIUM DUE DATE
 02/01/2005 02/01/2005

NRECA Monthly Statement
01-18065-001 (Former GREC and employees hired after consolidation)

Dental Plan

Monthly – 105 x \$31.06 = \$3,261.30

Family -- 83 x \$64.43 = \$5,347.69

Total Monthly Dental **\$ 8,608.99**

Employee Life – 107 (3 x salary) 17,029,000 x 0.00003 = **\$ 5,108.70**
AD&D equals Life

Dependent Life – 101 x 3.50 = **\$ 353.50**

Medical Plan A Monthly – 99

Child(ren) 6 x \$ 710.61 = \$ 4,263.66

Family 58 x \$1,058.79 = \$ 61,409.82

Spouse 28 x \$ 781.43 = \$21,880.04

Single 7 x \$ 350.65 = \$ 2,454.55

Total Medical Plan A **\$90,008.07**

Medical Plan B Monthly – 6

Children 1 x \$ 710.61 = \$ 710.61

Family 5 x \$1,058.79 = \$ 5,293.95

Total Medical Plan B **\$ 6,004.56**

Prescription Plan A Monthly – 99

Child(ren) 6 x \$ 155.89 = \$ 935.34

Family 58 x \$230.50 = \$13,369.00

Spouse 28 x \$171.06 = \$ 4,789.68

Single 7 x \$ 78.74 = \$ 551.18

Total Prescription Plan A **\$19,645.20**

Prescription Plan B Monthly – 6

Children 1 x \$155.89 = \$ 155.89

Family 5 x \$230.50 = \$ 1,152.50

Total Prescription Plan B **\$ 1,308.39**

Long Term Disability Monthly – 105

(Annual x .052/100) 5,692,464 x .052 = **\$ 2,960.08**

Total Statement **\$133,997.49**



**National Rural Electric
Cooperative Association**
A Truist Energy Cooperative

SUMMARY STATEMENT FOR GROUP INSURANCE PROGRAMS

01-18065-001
KENERGY
P.O. BOX 18
6402 OLD CORYDON ROAD
HENDERSON KY 42419

PAGE40
INVOICE NO.
5020530

PROGRAM	BILL MODE TIERING	PARTICIPANT/SCHEDULED BILL C O U N T / V O L U M E	PREMIUM DOLLARS	ADJUSTMENTS	TOTAL COST	TOTAL (S)
DENTAL PLAN STD DEP COVERAGE	MONTHLY FAMILY	46 105 86 83	9,143.94 8,608.99	-64.43	9,208.37	8,608.99 9,208.37
.. TOTAL DENTAL PLAN						
EMPLOYEE LIFE AD&D EQUALS LIFE VOL 3 X SALARY	MONTHLY	107 110 107 110 110	5,179.80 5,108.70	-5,179.80	5,108.70	5,108.70 5,179.80
.. TOTAL EMPLOYEE LIFE						
DEPENDENT LIFE \$10,000 AMOUNT	MONTHLY	101 102 102	357.00	353.50	357.00	353.50 357.00
.. TOTAL DEPENDENT LIFE						
RETIRED-LIFE	MONTHLY	4	14.30		14.30	14.30
.. TOTAL RETIRED LIFE						
MEDICAL PPO PLAN A TIERED DEP COV 19/25 TIERED DEP COV 19/25 TIERED DEP COV 19/25	MONTHLY CHILD(REN) FAMILY SPOUSE	115 99 7 6 62 58 98 28	99,292.41 90,008.07	1,056.32	98,236.09	90,008.07 98,236.09
.. TOTAL MEDICAL PPO PLAN A						
MEDICAL PPO PLAN B TIERED DEP COV 19/25 TIERED DEP COV 19/25	MONTHLY CHILD(REN) FAMILY	6 1 5 1	6,004.56	-350.65	5,653.91	5,653.91
.. TOTAL MEDICAL PPO PLAN B						
RX PPO PLAN A TIERED DEP COV 19/25 TIERED DEP COV 19/25 TIERED DEP COV 19/25	MONTHLY CHILD(REN) FAMILY SPOUSE	115 99 7 6 62 58 98 28	23,473.87 19,645.20	226.37	23,247.50	23,247.50



SUMMARY STATEMENT FOR GROUP INSURANCE PROGRAMS

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 INVOICE NO.
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01-18065-001
 KENERGY
 P.O. BOX 18
 6402 OLD CORYDON ROAD
 HENDERSON KY 42419

PROGRAM	BILL MODE TIERING	PARTICIPANT/SCHEDULED BILL COUNT / VOLUME	PREMIUM DOLLARS	ADJUSTMENTS	TOTAL COST	TOTAL(S)
.. TOTAL RX PPO PLAN A			29,473.87	-226.87	29,247.50	19,645.20 29,247.50
RX PPO PLAN B	MONTHLY	6 ✓	1,308.39 ✓	78.74	1,229.65	
TIERED DEP COV 19/25	CHILD(REN	1 ✓				
TIERED DEP COV 19/25	FAMILY	5 ✓				
.. TOTAL RX PPO PLAN B			1,308.39 ✓	78.74	1,229.65	1308.39 1,229.65
LONG TERM DISABILITY	MONTHLY	105 ✓	3,001.02		3,001.02	
26 WEEK/66 2/3%		408	2,960.08		2,960.08	
.. TOTAL LONG TERM DISABILITY			3,001.02		3,001.02	2,960.08 3,001.02
... PREMIUM TOTAL			3,001.02		3,001.02	2,960.08 3,001.02
**** TOTAL FOR ORGANIZATION						146,127.64 146,127.64 133,997.49

KENERGY
2005 MEDICAL INSURANCE BREAKDOWN

Type of Plan	# Employees	Medical	Rx	Monthly Prem.	Annual Prem.
Single	7	\$ 350.65	\$ 78.74	\$ 429.39	\$ 3,005.73
Family	90	\$ 1,058.79	\$ 230.50	\$ 1,289.29	\$ 116,036.10
Employee + Spouse	55	\$ 781.43	\$ 171.06	\$ 952.49	\$ 52,386.95
Employee + Child(ren)	11	\$ 710.61	\$ 155.89	\$ 866.50	\$ 9,531.50
Totals	163				\$ 2,171,523.36

Less single \$ 36,068.76

\$ 2,135,454.60
average family premium \$ 1,140.73

less 5% employee \$ 1,083.70

ITEM 4-C

	A	B	C
	EMP. #	TOTAL PREMIUM PD. FOR TEST YR.	PREM. PD. ON AMT OVER 50,000
1	380	575	381
2	507	567	376
3	351	601	411
4	475	574	381
5	584	196	0
6	410	412	219
7	283	597	406
8	515	1188	996
9	535	424	234
10	277	474	283
11	301	546	352
12	556	489	299
13	534	398	205
14	219	597	406
15	338	574	382
16	313	567	376
17	512	580	387
18	433	434	240
19	106	394	202
20	497	424	231
21	538	387	196
22	119	442	249
23	335	568	376
24	459	375	184
25	129	456	264
26	455	504	312
27	314	568	376
28	428	434	242
29	583	60	0
30	220	662	469
31	316	645	452
32	395	607	416
33	179	597	406
34	330	574	382
35	420	427	236
36	260	469	277
37	519	876	684
38	392	456	264
39	448	368	177
40	267	1249	1057
41	424	563	371
42	478	574	381
43	315	662	469
44	199	566	377
45	344	883	689
46	93	434	242
47	321	504	312
48	397	495	301
49	499	976	784
50	458	715	524
51	382	543	350
52	431	434	242
53	510	434	242
54	108	442	249
55	189	661	469
56	207	580	387
57	518	443	252
58	449	551	359
59	606	495	306
60	569	149	0
61	128	433	242
62	175	620	429
63	581	119	0
64	511	407	217
65	536	398	205
66	282	728	535
67	289	507	317
68	479	800	607
69	501	568	376
70	323	469	277
71	405	549	359
72	164	578	387
73	339	504	312
74	414	463	271
75	370	375	184
76	371	480	290
77	610	650	457
78	582	163	0
79	123	406	214
80	434	442	250
81	476	495	306
82	160	662	469
83	132	433	242
84	404	662	469
85	539	580	387
86	555	588	397
87	107	580	387
88	540	259	0
89			

ITEM 4-C

	A	B	C
	EMP. #	TOTAL PREMIUM PD. FOR TEST YR.	PREM. PD. ON AMT OVER 50,000
1			
90	447	385	194
91	384	476	282
92	201	568	376
93	381	508	317
94	275	648	457
95	286	662	469
96	506	650	457
97	320	507	317
98	368	456	264
99	407	323	128
100	115	473	280
101	122	375	184
102	244	625	432
103	427	574	381
104	156	901	707
105	617	427	236
106	261	512	322
107	432	376	184
108	491	542	352
109	231	509	317
110	408	456	266
111	600	1249	1057
112	383	434	240
113	445	434	242
114	537	606	414
115	185	620	429
116	508	508	317
117	99	894	702
118	193	206	12
119	409	562	371
120	188	662	469
121	328	473	282
122	393	573	382
123	281	634	444
124	473	367	174
125	319	662	469
126	212	976	784
127	517	917	726
128	246	434	242
129	140	504	310
130	302	894	702
131	496	588	394
132	396	568	376
133	352	414	224
134	498	462	271
135	180	580	387
136	310	568	376
137	285	889	696
138	503	628	437
139	426	462	271
140	622	324	130
141	422	495	306
142	147	507	317
143	318	662	469
144	494	368	177
145	621	509	317
146	417	495	306
147	112	2108	1780
148	388	427	236
149	337	516	324
150	618	883	689
151	138	597	406
152	259	638	446
153	624	511	317
154	218	655	462
155	210	568	376
156	509	568	376
157	178	1213	1021
158	331	568	376
159	211	568	376
160	421	477	287
161	612	587	394
162	580	137	0
163	120	392	201
164	317	408	214
165	379	507	317
166	348	469	277
167	146	418	227
168	416	568	376
169	227	581	387
170	577	527	336
171	333	568	376
172	578	417	221
173	228	567	376
174		94,880	61,988

**KENERGY CORP.
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CASE NO. 2004-00446

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Item 5) Refer to the Application, Exhibit 5, page 15. Provide the actual monthly expenses for September through December 2004 for right-of-way clearing.

Response) Item 5, page 2 of 2, contains the above referenced information.

Witness) Steve Thompson

KENERGY CORP.
CASE NO. 2004 - 00446
PAYMENTS TO OUTSIDE CONTRACTORS - RIGHT-OF-WAY CLEARING/SPRAYING
2ND DATA REQUEST
ITEM #5
ACTUAL EXPENSES SEPT - DEC 2004

<u>MONTH</u>	<u>AMOUNT</u>
SEPTEMBER 2004	\$ 97,961.11
OCTOBER 2004	\$ 50,632.98
NOVEMBER 2004	\$ 45,848.33
DECEMBER 2004	<u>\$ 147,335.07</u>
TOTAL SEPT - DEC 2004	<u>\$ 341,777.49</u>

NOTE: The estimate used on Exhibit 5, page 15 of the application was \$249,924.
Kenergy requests that the difference of \$91,853 from the above amount (\$341,777.49)
and the estimate of \$249,924 be included for rate-making purposes in this proceeding.

KENERGY CORP.
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Item 6) Refer to the Application, Exhibit 5, page 27. Provide a detailed analysis or explanation of each line item shown in the adjustment to Non-Operating Margins – Other.

Response) Test Year Non-Regulated Activity Loss -- See response to Item 29(a)4.

Test Year Loss From Equity Investment – Amount represents write off of accounts receivable from Kentucky Telecommunications, Inc.

Test Year Loss on Retirement of Hartford Office Building – The old Hartford modular office was demolished and a new office building was constructed. The book value was \$35,996, which resulted in a charge to account 421.200, loss on disposition of property.

These items have been excluded for rate-making purposes in this proceeding.

Witness) Steve Thompson

KENERGY CORP.
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CASE NO. 2004-00446

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Item 7) Refer to the Application, Exhibit 6, Testimony of Mark A. Bailey, page 3. Mr. Bailey states that approximately \$83 million of Kenergy's long-term debt has short-term variable interest rates and describes the immediate impact that higher interest rates will have on this long-term debt. What steps is Kenergy taking to minimize the impact of higher interest rates?

Response) Short-term rates have been at historically low levels for the past several years, and Kenergy took advantage of these rates to save millions of dollars in interest costs as compared to using longer term rates. The current amount of long-term debt with short-term variable interest rates has occurred mainly in the last five years. As the two loans associated with the 2000-2001 Construction Work Plan (\$37,315,203; PSC Case No. 2000-032) and the 2002-2004 Construction Work Plan (\$21,354,800; PSC Case No. 2002-00379), along with the \$19,135,411 representing reimbursement of general funds for the period January 1996 – December 1999 for construction performed were advanced, the one-year and 90 day variable interest term was selected. This decision was based on the spread between the one-year fixed and 30 year fixed that maximized at 4%. The RUS municipal loan rate for one-year fixed dropped as low as 1% compared to the thirty-year fixed rate of 4.5 – 5%. The RUS municipal one-year fixed rate is now at 2% and is predicted to rise another 1% by the end of 2005. One of Kenergy's 2005 corporate goals is to develop a corporate finance strategy related to the balance of long-term and short-term interest terms, which will include a plan to migrate from the present situation to the desired situation.

Witness) Steve Thompson

**KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005**

CASE NO. 2004-00446

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Item 8) Refer to the Application, Exhibit 8, Testimony of Jack D. Gaines. In response to question 13, Mr. Gaines describes the changes proposed for three phase tariffs. However, there is no mention of the increase, from \$100 to \$575 per month, in the customer charge for the Large Power 1,001 kW – 2,000 kW customers. Explain Kenergy's reason for proposing this level of increase in the customer charge while slightly decreasing the demand charge. Include with the explanation all supporting calculations and workpapers used in arriving at the \$575 charge.

Response) The Large Power 1,001 kW – 2,000 kW tariff includes a 500 kW demand block at \$8.75 per kW and an over block at \$7.80 per kW. Because billing demand under the Large Power 1,001 kW – 2,000 kW tariff is by definition always greater than 500 kW, every customer served on this rate pays the differential charge of \$.95 per kW on all 500 kW, or a flat monthly amount of \$475 (\$.95 x 500). Therefore, for the proposed rate we are simplifying the rate by transferring the \$475 that is built into the demand block to the customer charge and correspondingly eliminating the block. Taken alone, this adjustment will not affect any customer's bill amount.

Witness) Jack Gaines

**KENERGY CORP.
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Item 10) Refer to the Application, Exhibit 9, page 11. Kenergy proposes to increase the rates of former Henderson Union customers for 7000 lumen 175W mercury vapor lights from \$4.30 per month to \$6.95 per month, which is a 61.6 percent increase. Explain whether Kenergy believes the proposed increase adheres to the concepts of rate continuity and gradualism that are referred to on page 4 of the Testimony of Mark A. Bailey.

Response) As stated by Mr. Bailey, the concepts of rate continuity and gradualism are integral to the ratemaking process. Other factors that are integral include cost of service, simplicity, and avoidance of rate discrimination. Kenergy has tried to balance these factors in designing the various rates that are proposed. In the case of the former Henderson Union 175 Watt Lights, a situation existed where there are 93 street lights in three municipalities that are being served at a rate that is \$2.60 less than the rate applied to 11,484 of the same type of light used by other Kenergy customers. The breakdown of the 93 lights is as follows:

Name	Number	Present Rate	Monthly Amount	Present Rate	Monthly Amount	Increase	%
City of Henderson	71	\$ 4.30	\$ 305	\$ 6.95	\$ 493	\$ 188	62%
City of Robards	12	\$ 4.30	\$ 52	\$ 6.95	\$ 83	\$ 32	62%
City of Dixon	11	\$ 4.30	\$ 47	\$ 6.95	\$ 76	\$ 29	62%
			\$ 404		\$ 653	\$ 249	62%

Taken alone, the percentage of increase from the proposed change is not consistent with the concept of gradualism. Therefore, other factors must be considered to determine if the change in this instance is justifiable. Given that Kenergy serves over 11,000 lights at the \$6.95 rate, continuing to grant these 93 lights such a substantial discount is unreasonable. Also, the dollar impact should also be considered in the context of the type of customer. In this case, the customers are three cities.

Witness) Jack Gaines

KENERGY CORP.
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Item 11) Kenergy proposes to reduce its charges for cable attachments. Identify which expenses used in calculating Kenergy's cable attachment charges have decreased since the current cable attachment rates were approved and explain why those decreases occurred.

Response) Item 11, pages 2 – 4 of 4, illustrate the proposed changes to the various components of the calculations. The main reason for the proposed rates to decrease is lower interest rates on long-term debt, which lower the interest component of the rate of return approved in Case No. 2000-395. The rate of return dropped to 4.56% from 8.02%. Kenergy is following the methodology developed in Administrative Case No. 251 (as amended in certain cooperative cases).

Witness) Steve Thompson



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original/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 = \$248.87\$316.03 x .85 x 18.29%12.97% x .1224

Annual Charge = \$4.74\$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 = \$326.17\$409.52 x .85 x 18.29%12.97% x .0759

Annual Charge = \$3.85\$3.43

/1 Weighted Average Cost for Poles Determined as follows:

35'-40' Poles = installed plant cost at 12/31/995/31/04 of \$16,956,501\$22,205,942 ÷ 68,13270,266 poles; or an average cost of \$248.87\$316.03 per pole

40'-45' Poles = installed plant cost at 12/31/995/31/04 of \$13,714,748\$19,410,553 ÷ 42,04747,398 poles; or an average cost of \$326.17\$409.52 per pole.

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

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

/4 See Sheet 14, Exhibit C.

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

DATE OF ISSUE July 16, 2001December 15, 2004 DATE EFFECTIVE June 29, 2001January 15, 2005

ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

~~Original~~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

$$\text{Annual Charge} = \frac{[\text{weighted average cost} \times \text{annual carrying charge}]}{2}$$

$$\text{Annual Charge} = \frac{\$89.88 \times \$112.84 \times 12.97\%}{2} = 18.29\%$$

$$\text{Annual Charge} = \$7.32 = \$8.22$$

2. Annual Attachment Charge – Three-Party Anchor

$$\text{Annual Charge} = \frac{[\text{weighted average cost} \times \text{annual carrying charge}]}{3}$$

$$\text{Annual Charge} = \frac{\$89.88 \times \$112.84 \times 12.97\%}{3} = 18.29\%$$

$$\text{Annual Charge} = \$4.88 = \$5.48$$

/1 Weighted Average Cost for Anchors Determined as follows:

Installed plant cost of all anchors $\frac{\$10,819,317}{95,881} = \112.84 ~~$\frac{\$6,452,788}{71,792} = \90.00~~ per anchor as of ~~5/31/04~~ 12/31/99.

/2 See Exhibit C.

DATE OF ISSUE July 16, 2001 ~~December 15, 2004~~ DATE EFFECTIVE June 29, 2001 ~~January 15, 2005~~

ISSUED BY _____ TITLE President and CEO

SIGNATURE OF OFFICER

ISSUED BY AUTHORITY OF PSC ORDER NO. 2000-395 2004-00446.



Henderson, Kentucky

FOR ALL TERRITORY SERVED

Community, Town or City

PSC NO. 1

Original 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

Fixed Charges (PSC Report of 12/31/99)

Table with 2 columns: Description and Percent. Rows include Cost of Money (ROI, Times Net-to-Gross Ratio, Adjusted Rate of Return), Operations and Maintenance Expense, Depreciation Expense, General Administrative Expense, and Net Plant Investment.

DATE OF ISSUE July 16, 2001 December 15, 2004 DATE EFFECTIVE June 29, 2001 January 15, 2005

ISSUED BY SIGNATURE OF OFFICER TITLE President and CEO

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005

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Item 12) Refer to the Application, Exhibit 14, Cost of Service Study. On page 2 – Revised, Kenergy provides an Adjusted Income Statement – Present Revenue schedule.

a) Has Kenergy prepared a similar schedule which compares margins, class rates of return and customer class subsidizations using the rates proposed in this case? If yes, provide the schedule.

b) If the answer to part (a) is no, prepare and provide such a schedule.

Response) As instructed by the Commission, Kenergy did not run a new cost of service study for Case No. 2004-00446 but relied upon the results of the cost of service study from Case No. 2003-00165 as a guide for determining the proposed rate designs and changes in class revenues. As a practical matter, it is not possible to compare margins, rates of return and subsidies in a precise manner because of the different test years and because the class breakdown in the current case is slightly different than that presented in Case No. 2003-00165, especially in the three phase category. Nevertheless, by applying the proposed class percentage revenue changes to the class revenues in the Case No. 2003-00165 cost of service study, a reasonable estimation of the effect of the proposed rates on margins and rate of return can be produced. See the attached table and graph for a summary of the results.

Witness) Jack Gaines

Line No.	Item	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
(a)			Total System	Lighting Lighting	Residential & Single Phase	HUEC (0-50 KVA)	Three Phase 0-1000 kW	Three Phase Over 1000 kW	Primary Over 1000 kW	Schedule 31 - Rural-31
1	Operating Revenue (Case No. 2003-00165)		\$ 61,448,830	\$ 1,124,585	\$ 46,425,691	\$ 416,118	\$ 10,021,259	\$ 1,340,895	\$ 1,648,456	\$ 471,827
2	Adjustment to Remove Consolidation credit		\$ 2,530,307	\$ 47,189	\$ 1,918,866	\$ 17,710	\$ 421,986	\$ 55,871	\$ 68,686	\$ -
3	Subtotal		\$ 63,979,137	\$ 1,171,774	\$ 48,344,557	\$ 433,828	\$ 10,443,245	\$ 1,396,765	\$ 1,717,141	\$ 471,827
4	Proposed % Rate Adjustment		-0.46%	-0.30%	0.61%	-5.07%	-4.20%	-4.21%	-4.21%	1.27%
5	Revenue Impact (3 x 4)		\$ (293,064)	\$ (3,569)	\$ 296,221	\$ (21,996)	\$ (438,616)	\$ (58,804)	\$ (72,292)	\$ 5,992
6	Adjusted Operating Revenue (3+5)		\$ 63,686,073	\$ 1,168,205	\$ 48,640,778	\$ 411,832	\$ 10,004,629	\$ 1,337,961	\$ 1,644,850	\$ 477,819
7	Other Revenue		\$ 1,076,543	\$ -	\$ 1,053,268	\$ 6,443	\$ 16,601	\$ 105	\$ 105	\$ 21
8	Total Revenue		\$ 64,762,616	\$ 1,168,205	\$ 49,694,046	\$ 418,275	\$ 10,021,230	\$ 1,338,066	\$ 1,644,955	\$ 477,840
9										
10	Operating Expenses									
11	Purchased Power:		\$ 39,218,443	\$ 392,122	\$ 29,729,385	\$ 247,614	\$ 6,035,045	\$ 1,028,040	\$ 1,379,468	\$ 406,770
12	Transmission		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Subtransmission		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Distribution-Operation		\$ 3,092,662	\$ 53,610	\$ 2,640,755	\$ 23,538	\$ 330,103	\$ 21,498	\$ 17,994	\$ 5,163
15	Distribution-Maintenance		\$ 5,596,247	\$ 98,628	\$ 5,094,327	\$ 25,410	\$ 304,863	\$ 32,765	\$ 30,993	\$ 9,261
16	Customer Accounts		\$ 2,480,827	\$ 6,419	\$ 2,344,372	\$ 26,851	\$ 98,026	\$ 2,499	\$ 2,087	\$ 573
17	Customer Service & Info.		\$ 194,840	\$ -	\$ 190,628	\$ 1,166	\$ 3,005	\$ 19	\$ 19	\$ 4
18	Sales		\$ 212,341	\$ -	\$ 125,402	\$ 767	\$ 84,990	\$ 537	\$ 537	\$ 107
19	Administrative & General		\$ 1,793,540	\$ 21,546	\$ 1,630,993	\$ 12,995	\$ 111,566	\$ 7,605	\$ 6,844	\$ 1,992
20										
21	Subtotal		\$ 52,588,900	\$ 572,325	\$ 41,755,862	\$ 338,340	\$ 6,967,598	\$ 1,092,964	\$ 1,437,942	\$ 423,870
22	Depreciation		\$ 5,143,550	\$ 135,878	\$ 4,508,945	\$ 26,676	\$ 386,231	\$ 42,251	\$ 33,558	\$ 10,012
23	Property Tax		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Other Taxes		\$ 82,898	\$ 1,790	\$ 63,242	\$ 574	\$ 13,385	\$ 1,576	\$ 1,821	\$ 510
25	Interest-LTD		\$ 3,329,378	\$ 85,045	\$ 2,925,216	\$ 17,683	\$ 247,403	\$ 26,546	\$ 21,175	\$ 6,312
26	Other Deductions		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27										
28	Subtotal		\$ 8,555,826	\$ 222,713	\$ 7,497,403	\$ 44,932	\$ 647,019	\$ 70,372	\$ 56,553	\$ 16,835
29										
30	Total Expenses		\$ 61,144,726	\$ 795,038	\$ 49,253,265	\$ 383,272	\$ 7,614,616	\$ 1,163,336	\$ 1,494,495	\$ 440,705
31										
32	Operating Margins		\$ 3,617,890	\$ 373,167	\$ 440,782	\$ 35,003	\$ 2,406,613	\$ 174,731	\$ 150,460	\$ 37,135
33										
34	Return (Ln. 26 + Ln. 33)		\$ 6,947,269	\$ 458,212	\$ 3,365,997	\$ 52,685	\$ 2,654,016	\$ 201,277	\$ 171,635	\$ 43,448
35										
36	Net Rate Base		\$ 151,366,662	\$ 3,861,633	\$ 132,967,419	\$ 805,952	\$ 11,275,088	\$ 1,206,394	\$ 963,107	\$ 287,068
37										
38	Rate of Return		4.59%	11.87%	2.53%	6.54%	23.54%	16.68%	17.82%	15.13%
39										
40	Relative Rate of Return		1.00	2.59	0.55	1.42	5.13	3.64	3.88	3.30
41										
42	Rate of Return (Case No. 2003-00165)		3.11%	10.74%	0.87%	7.07%	23.69%	16.93%	18.20%	13.05%
43										
44	RelativeRate of Return (Case No. 2003-00165)		1.00	3.45	0.28	2.27	7.61	5.44	5.85	4.19
45										

**KENERGY CORP.
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Item 13) Refer to the Application, Exhibit 15, Cost Allocation Manual ("CAM"). Identify all revisions and provide a description of the revisions in the version updated through July 31, 2004.

Response) There were no revisions from the CAM filed in Case No. 2003-00165. The dates were simply changed.

Witness) Steve Thompson

**KENERGY CORP.
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Item 14) Refer to the First Data Request of Commission Staff dated December 9, 2004 (“Staff First Request”), Item 10. For each balance sheet account listed below, describe the reason(s) for the change in the account balance between May 31, 2003 and May 31, 2004:

- a) Account No. 107100, Construction W.I.P. – Contractors, page 2 of 48.
- b) Account No. 107200, Construction W.I.P. – Kenergy, page 2 of 48.
- c) Account No. 123234, Reciprocal Contribution – Federated, page 11 of 48.
- d) Account No. 219500, Other Comprehensive Income, page 30 of 48.
- e) Account No. 224140, Other LT Debt – Miscellaneous, page 31 of 48.
- f) Account No. 367000, Dist. Plant -- Underground Conductors, page 44 of 48.
- g) Account No. 368000, Dist. Plant -- Services, page 45 of 48.
- h) Account No. 391100, Computer and Related Equipment, page 46 of 48.

Response) a) Typical fluctuations that occur with the number of variables involved such as weather, scheduling of copper replacement projects, storm activity, etc.

b) The balance at 5/31/04 contains \$501,199.51 less costs related to open substation work orders in-progress than at 5/31/03.

c) The reciprocal contribution is the cost associated with joining the Federated Rural Electric Insurance Exchange.

d) Item 14, pages 3 - 7 of 7, contain the explanation for this account fluctuation.

e) This account balance represents monies owed to CoBank on long-term loans.

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The balance increased due to refinancing of RUS 5% debt with CoBank debt to obtain lower interest costs. See PSC Cases 2003-00328 and 2004-00091.

f-g) The increases in account 367 and 368, along with the other distribution plant accounts result from the new construction and retirement activity contained in the 2002-2004 construction work plan approved by the PSC in Case No. 2002-00379. These expenditures are required to serve new load growth and to replace existing plant.

h) Increase due to replacements of personal computers, printers, a new copier and uninterruptible power supply equipment.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
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e) This account balance represents monies owed to CoBank on long-term loans. The balance increased due to refinancing of RUS 5% debt with CoBank debt to obtain lower interest costs. See PSC Cases 2003-00328 and 2004-00091.

f-g) The increases in account 367 and 368, along with the other distribution plant accounts result from the new construction and retirement activity contained in the 2002-2004 construction work plan approved by the PSC in Case No. 2002-00379. These expenditures are required to serve new load growth and to replace existing plant.

h) Increase due to replacements of personal computers, printers, a new copier and uninterruptible power supply equipment.

Witness) Steve Thompson



PricewaterhouseCoopers LLP
 10 Tenth Street, Suite 1400
 Atlanta GA 30309-3851
 Telephone (678) 419 1000
 Facsimile (678) 419 1239

October 31, 2003

Via: Facsimile/U.S. Mail

Mr. Steve Thompson
 Vice-President Finance
 Kenergy Corporation
 3111 Fairview Drive
 Owensboro, KY 42303

Re: Group Pension Plan for Employees of Green River Electric Corporation (the Plan)

Dear Steve:

As requested, we estimated fiscal 2003 end of year accounting results as well as fiscal 2004 expense. For purposes of these estimates we used the following:

- Participant data as of 1/1/2003 projected to 12/31/2003
- Assumptions and Methods used in the 2003 actuarial report
- Discount rate - 5.5%
- Assets as of 09/30/2003 projected to 12/31/2003

Our summary results of amounts to be recognized as of December 31, 2003 are as follows:

(Accrued)/Prepaid Pension Cost as of 12/31/2002	621,070	
Pension Expense/(Income) for FYE 12/31/2003	\$ (497,659)	123,411
Accrued/Prepaid Pension Cost as of 12/31/2003	114,851	238,242
	\$ (382,808)	Balance @ 12/31/03
		186,210
Est. Accumulated Benefit Obligation as of 12/31/2003	\$ 2,095,522	
Est. Fair Value of Assets as of 12/31/2003	1,968,129	
Minimum Liability required	127,393	
(Accrued)/Prepaid Pension Cost	382,808	
Additional Minimum Liability	\$ 510,201	
Intangible asset offset	52,136	
Adjustment to Other Comprehensive Income	\$ 458,065	

The results shown above include components which were not part of the end of year results for 2002. Due to the volatility of equity markets and interest rates, some historically fully funded pension plans are having to address the issue of liabilities exceeding assets.

Please note that we anticipate the Plan's Accumulated Benefit Obligation (ABO) to exceed fair value of assets (FVA) as of December 31, 2003 by approximately \$127,000. In this instance, an

Mr. Steve Thompson
October 31, 2003
Page 2

annual adjustment to the Additional Minimum Liability (AML) must be made to shareholder equity to the extent that the balance sheet position does not currently reflect the difference between the ABO and FVA.

In the case of the Green River Plan, the current balance sheet position is an asset of \$382,808. If the ABO exceeds FVA at December 31, 2003, the AML adjustment would be equivalent to the current balance sheet asset of \$382,808 plus the difference in ABO and FVA. We estimate an adjustment of nearly \$510,000 which would be offset by a charge to shareholder equity. This additional charge is included as part of "other comprehensive income" (OCI). In certain circumstances an intangible asset will offset all or a portion of the additional charge. If there is an unrecognised prior service cost (due to plan amendments) and/or an unrecognised transition obligation (a transition asset is excluded), an intangible asset may be set up to completely or partially offset the charge to shareholder equity. The Green River Plan has an unrecognised prior service cost of \$52,136 as of year end. The additional charge will be offset by this amount resulting in a net charge to OCI of approximately \$458,000.

There is no impact to the annual profit and loss accounts nor has the balance sheet asset of \$382,808 gone away. To the extent that assets exceed the ABO in future years, the AML charge is reversed and the balance sheet position is back to what it would have been without an AML.

Variables that the employer has some discretion over to minimise the AML impact are:

- **Assumption changes for calculating the ABO** – both the economic and demographic assumptions – within supportable limits. We used a 5.5% discount rate to estimate liabilities. Although based on current market indicators as of September 30, 2003 this is a conservative assumption, it is the rate used to determine fiscal 2003 pension expense. The discount rate is based on the Salomon Bros. 10+ year AAA/AA index as of the measurement date rounded down to the next even multiple of ½ of 1%. This is the company's historical selection methodology. The actual discount rate to be used for fiscal 2003 end of year accounting as well as fiscal 2004 pension expense will be based on this same index but as of December 2003. That information will not be known until January 2004.
- **Make additional contributions to the plan before the measurement date (December 31, 2003).** This may reduce the AML and charge to equity and improve 2004 pension expense. Of course, there may be a borrowing or opportunity cost related to this cash outflow. The Plan's maximum deductible contribution for the 2003 plan year is \$151,225. Since we estimate the unfunded ABO to be approximately \$127,000, the company could contribute an amount prior to December 31, 2003 to possibly avoid an AML.

Mr. Steve Thompson
October 31, 2003
Page 3

Based on projected liabilities as of December 31, 2003, fiscal 2004 net periodic pension expense is estimated to be \$131,000. The results presented in this letter are subject to change once the actual discount rate is selected and final assets as of December 31, 2003 are issued.

Please let us know if you have any questions or if there is additional information that we might provide. You may contact Stacy Apter at 678-419-1391 or me at 678-419-1393.

Sincerely,



Felicia W. Robinson

enclosures

cc: Keith Ellis

amortization of the unrecognized net gain or loss from previous periods.

2. A liability (unfunded accrued pension cost) shall be recognized if net periodic pension cost recognized pursuant to Statement No. 87 exceeds amounts the employer has contributed to the plan. An asset (prepaid pension cost) shall be recognized if net periodic pension cost is less than amounts the employer has contributed to the plan.

If the accumulated benefit obligation exceeds the fair value of plan assets, the employer shall recognize a liability (including unfunded accrued pension cost) that is at least equal to the unfunded accumulated benefit obligation. Recognition of an additional minimum liability is required if an unfunded accumulated benefit obligation exists and an asset has been recognized as a prepaid pension cost, the liability already recognized as unfunded accrued pension cost is less than the unfunded accumulated benefit obligation, or no accrued or prepaid pension cost has been recognized.

If an additional minimum liability is recognized, an equal amount shall be recognized as an intangible asset, provided that the asset does not exceed the amount of unrecognized prior service cost. If an additional liability required to be recognized exceeds unrecognized prior service cost, the excess (which represents a net loss not yet recognized as a net periodic pension cost) shall be reported as a separate component (reduction) of equity.

When a new determination of the amount of additional liability is made to prepare a balance sheet, the related intangible asset and separate component of equity shall be eliminated or adjusted, as necessary.

3. An employer sponsoring a defined benefit pension plan shall disclose the following information:

a. A description of the plan including employee groups covered, type of benefit formula, funding policy, types of assets held and significant nonbenefit liabilities, if any, and the nature and effect of significant matters affecting comparability of information for all period presented.

b. The amount of net periodic pension cost for the period showing separately the service cost component, the interest cost component, the actual return on assets for the period, and the net total of other components.

c. A schedule reconciling the funded status of the plan with amounts reported in the employer's balance sheet, showing separately, the fair value of plan assets, the projected benefit obligation identifying the accumulated benefit obligation and the vested benefit obligation, the amount of unrecognized prior service cost, the amount of unrecognized net gain or loss including asset gains and losses not yet reflected in market-related value), the amount of any remaining unrecognized net obligation or net asset existing at the date of initial application of Statement No. 87, the amount of any additional liability recognized, and the amount of net pension asset or

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Item 15) Refer to the Staff First Request, Item 10. For each account listed below, state the purpose of each account and state the type of items that are included in each account.

- a) Account No. 124210, Invest – Economic Dev. – RDK Hospitality, page 11 of 48.
- b) Account No. 124230, Economic Dev. – Liberty Plaza, page 11 of 48.
- c) Account No. 124240, Economic Dev. – Snow Enterprises, page 11 of 48.
- d) Account No. 124250, Economic Dev. – DAPCO, page 11 of 48.
- e) Account No. 124270, Economic Dev. Loan – Scott Foam Tech, page 11 of 48.
- f) Account No. 124280, Economic Dev. Loan – West KY Reg. Ind. Dev. Author, page 12 of 48.

Response) These accounts are utilized to record the monies loaned to qualifying enterprises under the Rural Utilities Services (RUS) Zero Interest Ten-Year Term Loan Program. Kenergy requires each enterprise to provide a bank letter of credit, which greatly minimizes any risk of non-payment. A corresponding payable to RUS is recorded in the 2004.165 through 224.190 accounts. Item 15, page 2 of 2, contains an explanation of the zero interest loan program.

Witness) David Hamilton

RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM

In cooperation with the Rural Utilities Service (RUS), Kenergy provides zero-interest loans and grants to new or expanding business to create new jobs in rural areas. The program enables Kenergy to assist its communities by encouraging, sponsoring and participating in local rural development activities. Through the Rural Economic Development Loan and Grant (REDLEG) Program, Kenergy has helped create employment opportunities and improve the quality of life for rural residents in western Kentucky.

The minimum loan application is \$10,000 and the maximum loan application is \$750,000. A project will not be selected unless supplemental funding is provided in an amount equaling at least twenty percent (20%) of the amount of the zero-interest loan funds provided by Rural Business Service. The term of the loan is ten (10) years. All loans must be secured by an irrevocable bank letter of credit to Kenergy.

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Item 16) Refer to the Staff First Request, Item 11. For each income statement account listed below, describe the reason(s) for the change in the account balance between May 31, 2003 and May 31, 2004.

- a) Account No. 416100, General Merchandising Activities, page 4 of 35.
- b) Account No. 418100, Equity in Earnings of Subsidiary, page 6 of 35.
- c) Account No. 593200, Dist. Exp. – Main – Storm Damage, page 23 of 35.
- d) Account No. 593300, Maintenance of Overhead Lines – ROW, page 24 of 35.
- e) Account No. 594000, Dist. Exp. – Main – Underground Lines, page 24 of 35.
- f) Account No. 903000, Consumer Acc. Exp. – Ops. Record – Collect, page 25 of 35.
- g) Account No. 904000, Consumer Acc. Exp. – Ops. Uncollect – Acct, page 26 of 35.
- h) Account No. 913000, Member and Public Relation Expenses, page 29 of 35.
- i) Account No. 92000, Adm. – Gen. Exp. – Ops. – Executive Salary, page 29 of 35.
- j) Account No. 923000, Outside Services – General, page 31 of 35.
- k) Account No. 926000, Employee Pensions and Benefits, page 32 of 35.
- l) Account No. 928000, Regulatory Comm. Expense, page 32 of 35.

Response) a) Increase due to a \$924.18 charge for staff labor and overheads, along with two credits in January and February 2003 of \$620.94 and \$494.05 respectively to reverse 2003 accruals.

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- 2 b) One-time write off of accounts receivable from Kentucky Telecommunications,
- 3 Inc.
- 4 c) Represents costs of the January ice storm.
- 5 d) Increased use of outside contractors to clear trees from rights-of-way.
- 6 e) Due to failure rate of underground cable.
- 7 f) Caused mainly by wage and health insurance increases.
- 8 g) Results from several one-time adjustments between 9004-000 accounts. (See
- 9 account 904.240.)
- 10 h) Accounts 912.000 and 913.000 have reclassifications.
- 11 i) Due to large deferred compensation gains and losses, with offsetting impacts on
- 12 non-operating margin account 419.000.
- 13 j) See response to PSC Information Request No. 1, Item 35. The main reason for
- 14 the increase is the CEO search expenses and internal auditing costs. The CEO
- 15 search expenses were excluded for rate-making purposes.
- 16 k) Account classification issue on Christmas bonuses and service awards. These
- 17 items were removed for rate-making purposes.
- 18 l) Expenses related to Case No. 2003-00165.
- 19

20 **Witness)** Steve Thompson

21

22

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Item 17) Refer to the Staff First Request, Item 22.

- a) Explain why Kenergy believes it is necessary to adjust its labor and overhead capitalization rates because of the impact of storms.
- b) Explain how Kenergy concluded its proposed approach was reasonable.
- c) If Kenergy is aware, state whether any other distribution cooperatives in Kentucky used this approach or a similar approach in determining capitalization rates. If yes, identify the cooperative and the approach used.
- d) Did Kenergy incur additional labor expense and overtime hours in 2002 and 2003 related to storms? If yes, provide the additional labor expense and overtime hours.

Response) a) The number and magnitude of storms to hit Kenergy's service area during the test year were well above the historical level and correspondingly, the number of overtime hours charged to expense vs. capital accounts caused the percentage expensed to be above the historical level. Since the test year overtime hours were reduced, it seemed reasonable to adjust the capitalization rates.

b) The use of an historical average was thought to be a reasonable basis for normalizing the test year. A five-year average was considered, however, the new cost allocation system was implemented January 1, 2002, rendering the years 2000 and 2001 not comparable.

- c) Kenergy is not aware if this approach was used by other cooperatives.
- d) The impact of storms in 2002 and 2003 was not considered "major" or above

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normal. There were overtime hours worked in 2002 and 2003 to restore power due to storm-related outages, but the number is not easily quantified. There were no FEMA reimbursements for the years 2002 and 2003.

Witness) Steve Thompson

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Item 18) Refer to the Staff First Request, Item 25. Explain why the Social Security and Medicare expense associated with personal vehicle usage and life insurance coverage over \$50,000 should be included for rate-making purposes.

Response) Consistent with Exhibit 5, page 17 of the application, Kenergy concurs that these expenses should be removed for rate-making purposes in this proceeding.

Witness) Steve Thompson

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Item 19) Refer to the Staff First Request, Item 29. Kenergy states that it objects to providing salary information by individual position to protect the employees' right to confidentiality and to be consistent with the Commission's decision to remove this information from the annual Commission report and Commission web page. Pursuant to 807 KAR 5:001, Section 7(5)(a), no party to any proceeding before the Commission shall fail to respond to discovery by the Commission or its staff or any other party to the proceeding on grounds of confidentiality. Provide the originally requested information. If Kenergy believes it needs to keep this information confidential, make the appropriate filing pursuant to 807 KAR 5:001, Section 7.

Response) Item 19, page 2 of 2 is a schedule with the requested information. Kenergy is petitioning the Commission to classify and protect as confidential the information set forth in this schedule, which has been obscured.

Witness) Mark Bailey

Kenergy Corp.
Response to Item 19 of Second Data Request of Commission Staff
Case No. 2004-00446

2002

POSITION	EMP #	SALARY	% OF INCREASE	EFFECTIVE DATE OF INCREASE
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

2003

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

During Test Year

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

2005

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

KENERGY CORP.
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2 **Item 20)** Refer to Staff First Request, Item 30. Provide a description of the items included in
3 each category listed, with the exception of Touchstone Energy® Cooperative expenses. Include a copy
4 of the original ad or text for radio ads.

5

6 **Response) Sales or Promotional Advertising** — Advertising placed for the purpose of informing
7 Kenergy member-owners of the availability of services and products from the cooperative, such as the
8 cooperative's Web site and assistance offered homebuilders.

9 **Conservation Advertising** — Advertising placed to inform and assist member-owners in conserving
10 electricity, i.e. use of high-efficient geothermal heating and cooling systems.

11 **Rate Case** — Advertising required to inform member-owners of a) applications filed with the
12 Kentucky Public Service Commission by the cooperative and b) public hearings set by the
13 Commission.

14 **Legal Advertising** — Advertising required to inform member-owners of Kenergy's compliance with
15 state and federal regulations, i.e. Statement of Nondiscrimination.

16 **Safety Advertising** — Advertising placed to inform member-owners and the public about electrical
17 hazards and electrical safety.

18 **Other** — In Case 2004-00446, the advertising expenses relate to a finance charge on a bill not
19 received from *The Messenger* in Madisonville, KY and postage charges for mailing advertisements on
20 computer disks.

21 Kenergy, on a monthly basis, publishes advertisements in three (3) daily newspapers — The
22 *Messenger-Inquirer* in Owensboro, KY, *The Gleaner* in Henderson, KY (listed by its owner's name,

**KENERGY CORP.
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2 the Evansville Courier Co.) and *The Messenger* in Madisonville, KY — and periodically places
3 advertisements in county weekly newspapers published within the cooperative's service territory.

4 Included with the response to this data request are copies of advertisements placed in newspapers,
5 along with the date or dates each was published in a specific newspaper. The text for radio
6 commercials also is included.

7 **Sales or Promotional Advertising:**

8 Ad headline: www.kenergycorp.com

9 Messenger-Inquirer on March 29, 2004 and April 17, 2003

10 The Gleaner on April 6, 2004

11 The Messenger on April 20, 2004

12 **Connecting Customers with Energy Solutions**

13 Home Builders Association of Owensboro 2004 publication

14 **Conservation Advertising:**

15 Ad headlines:

16 **Unearth Great Savings**

17 The Messenger on August 5, 2003 and October 7, 2003

18 The Gleaner on August 12, 2003

19 Messenger-Inquirer on August 11, 2003 and October 6, 2003

20 **Frustrated with the high cost of heating and cooling?**

21 Messenger-Inquirer on September 1, 2003

22 The Messenger on September 2, 2003, November 4, 2003 and December 2, 2003

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How Do You Feel About High Heating Costs?

Messenger-Inquirer on January 12, 2004 and February 2, 2004

The Messenger on January 20, 2004 and March 2, 2004

The Gleaner on January 13, 2004 and February 17, 2004

The Crittenden Press on March 15, 2004

Building a 21st Century House? Use a 21st Century Heating System!

Messenger-Inquirer on March 1, 2004

The Gleaner on March 15, 2004 and April 13, 2004

The Messenger on April 6, 2004

Ban the Fan!

The Gleaner on May 18, 2004

So Quiet . . .

Messenger-Inquirer on May 5, 2004

Rate Case

Ad headlines:

The Application of Kenergy Corp. for Review and Approval of Existing Rates

Published on June 25, 2003, July 9, 2003 and July 2, 2003 in The Messenger, Messenger-Inquirer and The Gleaner.

Notice of Public Hearing for Kenergy Corp. Case 2003-00165

Published on October 28, 2003 in The Gleaner, Messenger-Inquirer and The Messenger

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2 **The Application of Kenergy Corp. for Approval of Tariff Revision**

3 Messenger-Inquirer on October 30, 2003

4 **Legal Advertising**

5 Ad headline: **Statement of Nondiscrimination**

6 Messenger-Inquirer on January 5, 2004

7 The Gleaner and The Messenger on January 6, 2004

8 Crittenden Press on January 8, 2004

9 **Safety Advertising**

10 Ad headlines:

11 **Her safety is important to us . . . and so is yours!**

12 Messenger-Inquirer on May 5, 2003 and August 18, 2003

13 The Messenger on May 6, 2003 and August 19, 2003

14 The Gleaner on May 13, 2003 and August 19, 2003

15 Times Leader on August 8, 2003

16 Crittenden Press on August 8, 2003

17 **A Plug for Safety**

18 The Gleaner on October 21, 2003 and February 24, 2004

19 The Messenger on October 21, 2003 and February 3, 2004

20 Messenger-Inquirer on October 20, 2003 and February 9, 2004

21 Times Leader on September 10, 2003

22 Herald Ledger on December 3, 2004

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Safety (Television text)

The commercials, which were broadcast on WTVW-Fox 7, included “footprints” moving across the TV screen and the message: “Remember the 10-foot rule. The rule refers to the distance extending 10 feet in every direction from any power line. It’s the distance you should observe when you are outdoors with machinery or equipment, such as ladders, tractors, cranes, TV antennas, dump trucks and forklifts. It’s an important rule to remember. Safety first around electricity.” Kenergy’s logo was shown.

Safety (Radio text)

Broadcast on WSON in Henderson, KY from November 7 through November 30, 2003. Text included along with newspaper advertisement copies. All radio spots ended with the tagline: “Kenergy — Your Touchstone Energy Cooperative.”

Other

Associated expense explained above with description.

Witness) Joanne Masters

sharing.
 The British music industry, according to published reports, announced that it would start issuing warnings in the form of instant messages to illegal music downloaders in what could serve as a precursor to the kind of lawsuits that are currently plaguing song pirates in the United States.

nyl
CARPET ONE
 pm • Sat. 9am-2pm • 685-5735
 etone.com

90 Days Interest Free
Minimum Monthly Payment Required
 **No interest for 90 days on qualifying purchases. Minimum monthly payment required. Accrued interest assessed from original purchase date if not paid in full within 90 days. Subject to credit approval. Interest at a variable rate of 21.84% APR as of 1/1/02 (APR may vary). Minimum finance charge is \$0.50. See store for details.

THE BEST PLACE TO RE-TIRE
 Serving The Tri-State Since 1945
Tire Mart
BEST ONE
 TIRE & SERVICE

EVERYTHING THAT MAKES A CAR GO, ALL IN ONE STOP!

683-7365
624 East 3rd St.

SOON... NEAR YOU...

bybirds”
 eopters”

ly... Them?
 BE WITH

Helmet
 NSVILLE

Gutter Protection
 The World.

OFF
 izes and
 units available.
 Limited Time Offer.
 90 Days Same as Cash.

Never Clean Your Gutters Again!

HOME ESTIMATE
3001
-854-9849
 www.gutterhelmet.com

www.kenergycorp.com


Visit this Web site for the latest about your electric cooperative and its products and services.

Access your current and historical account information and view your bill, as well as enter your meter reading online.

The site also has the answers to frequently asked questions and provides e-mail links to request additional information.



(270) 826-3991 • 1-800-844-4832
 (270) 926-4141 • 1-800-844-4732


A Touchstone Energy® Partner 

3111 Fairview Drive
P.O. Box 1389
Owensboro, KY 42302-1389
(270) 926-4141 • 1-800-844-4732

*“Connecting Customers
with Energy Solutions”*

An electric cooperative serving homes and
businesses in 14 area counties through the
“power of human connections.”

TO: Homebuilders Association of Owensboro

RE: Monthly Newsletter Advertising



ships to ask about having a key made if all you had was a VIN number. They all said that they would need proof of ownership and a driver's license. So, it's good to know that it's not that easy. But it can't hurt to play it safe. — **Heloise**

Dear Heloise: A simple solution to relieve clutter: Once a week, toss out one item that is gathering dust or just doesn't thrill you anymore! After a year, you will have disposed of 52 items! The trick, of course, is not to replace them! — **Sally Brown, Costa**

Mesa, Calif.

Dear Heloise: I wanted to tell you how I solved this scouring-powder problem: The open container allowed clumping, and the amount remaining was a mystery.

I placed the scouring powder in large, empty spice containers with shaker tops. Now I have a supply of scouring powder in each bathroom and the kitchen. I can easily see the amount, and the screw-top lid keeps the product from clumping. Make the transfer, using a funnel, in the kitchen sink so that if a little spills, you are ready to use that to clean the sink.

I really enjoy the column

and frequently find useful ideas. Thanks there for all of us!
Sacramento, Calif.

Dear Edith: Love but please label them clearly. Manufacturers that you NOT trading products to others. — **Heloise**

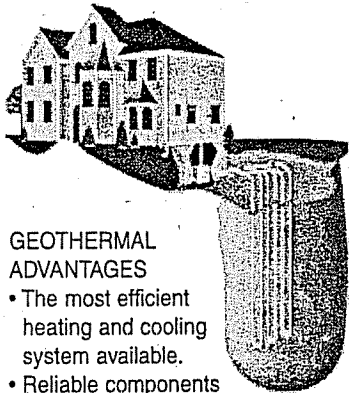
Dear Heloise: grapes is not new ever, when retrieved from the deep freezer I found they were wrinkled. So I rehydrated again and sliced them before blending. The blender until very fine. The sauce was d

UNEARTH GREAT SAVINGS

With a geothermal heating and cooling system from ClimateMaster, lowering your heating and cooling and hot water costs will be a snap... without sacrificing reliability or comfort.

Working with a specially designed underground earth loop, a ClimateMaster geothermal unit utilizes the Earth's near constant temperature to exchange energy between the Earth and your home for heating and cooling.

LOW OPERATING COST
With a ClimateMaster unit, you can enjoy savings of up to 60% over conventional systems with an investment payback in as little as three years.



GEOHERMAL ADVANTAGES

- The most efficient heating and cooling system available.
- Reliable components ensure long life.
- Flexible location of unit.
- Quiet operation.
- Low maintenance.
- Five-year limited warranty and optional ten-year warranty.



For additional information and the names of installers call:
(270) 684-6100, Ext. 3236
1-800-844-4732

Kenergy

Your Touchstone Energy Partner

www.kenergycorp.com

CROSSWORD

By Douglas

ACROSS

- Practice
- Scale
- Extinct New Zealand bird
- School of whales
- Hut
- Acknowledge
- Faucet
- Craved
- Mariner
- Equity
- Restaurant attendants
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- Cosmetic ingredient
- Colorado resort
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Par time 26 min

FRANCISCO, Calif., died Tuesday, Aug. 31, 2003, at a.m. Sunday, Aug. 31, 2003, at Versnick Healthcare Center in Madisonville.

He was born Nov. 21, 1919, in Hopkins County, Ky., to the late Everett Owen and Myrtle Fugate Owen. He was retired from United Air Lines in California after 35 years.

In addition to his parents, he was preceded in death by his wife, Adrian Minasian Owen; and one brother, Everett Owen Jr.

He is survived by his caregiver, Gerrie Hughes of Madisonville.

Graveside services will be held 2 p.m. today at Odd Fellows Cemetery with Dr. Don Davis officiating.

There will be no visitation. Funeral Home in Madisonville is in charge of the arrangements.

Hume C. Herrington Jr.
FRANKFORT, Ky. — Hume C. Herrington Jr., 64, of Frank-

Green, Ky., Dorothy Dillingham of Nortonville, Ky., and Martha Lee Offutt of Madisonville, Ky.; one brother, Angus E. Lovan of Pawleys Island, S.C.; five grandchildren; and 13 great-grandchildren.

Funeral services will be held 10:30 a.m. Wednesday at Mount Pisgah Baptist Church in Shelbyville with the Rev. Robb Barlow officiating. Burial will be in Van Pelt Cemetery in Waldron, Ind. Military graveside services will be conducted by local veterans.

Visitation will be from 5 until 8 p.m. today at Glenn E. George and Son Funeral Home in Shelbyville, and from 9:30 a.m. until service time Wednesday at the church.

Glenn E. George and Son Funeral Home in Shelbyville is in charge of the arrangements.

Memorial contributions may take the form of donations to Mount Pisgah Baptist Church Building Fund, C/O Glenn E. George and Son Funeral Home, 437 Amos Road, Shelbyville, Ind. 46176.

Frustrated with the high cost of heating & cooling?

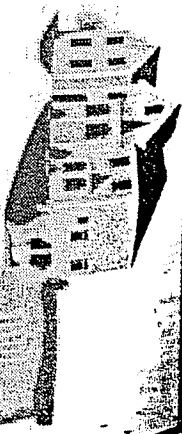
With a geothermal heating and cooling system from ClimateMaster, lowering your heating and cooling and hot water costs will be a snap... without sacrificing reliability or comfort.

Working with a specially designed underground earth loop, a ClimateMaster geothermal unit utilizes the Earth's near constant temperature to exchange energy between the Earth and your home for heating and cooling.

LOW OPERATING COST

With a ClimateMaster unit, you can enjoy savings of up to 60% over conventional systems with an investment payback in as little as three years.

- GEOHERMAL ADVANTAGES**
- The most efficient heating and cooling system available.
 - Reliable components ensure long life.
 - Flexible location of unit.
 - Quiet operation
 - Low maintenance
 - Five-year limited warranty and optional ten-year warranty.



For additional information and the names of installers call: (270) 684-6100, Ext. 3236 • 1-800-844-4732, Ext. 3236
www.kenergycorp.com

VERMONT FORECLOSURE SALE

3DAY, SEPTEMBER 25, 2003 AT 10:00 A.M.
AT 445 COLEMAN ST.
SONVILLE, (SPARKINS COUNTY) KENTUCKY
OF HOUSE .D LOT LOCATED AT

U.S. GOVERNMENT FORECLOSURE SALE

THURSDAY, SEPTEMBER 18, 2003 AT 10:00 A.M.
AT 2625 GRAPEVINE ROAD
MADISONVILLE, (HOPKINS COUNTY) KENTUCKY
OF HOUSE AND LOT LOCATED AT
2625 GRAPEVINE ROAD, MADISONVILLE, KENTUCKY 42431



Christian missionaries still need

Dear Dr. Graham: I'm 12 years old and I would like to be a missionary some day. But my mother says we don't need missionaries anymore, and I ought to forget it. Is she right? — P.J.

Dear P.J.: No doubt your mother loves you and is concerned about your future, and she's probably reluctant to have to set your heart on something that might not be right for you, or might even lead you into danger.

After all, Christian missionaries today often serve in very difficult or even hostile places.

But the day of the missionary is not over — not at all. In fact, the need is greater than ever because the population of the world continues to soar.

Yes, in the last hundred years or so churches have been planted in most countries of the world, and many of them are seeking to reach those around them with the Gospel of Christ.

But other parts of the world have few Christians, or the church is very weak. Many nations also lack basic health and educational facilities — needs that missionaries can often meet.

Never forget that the Great Commission has never been revoked, and Jesus'



Billy Graham

Religion columnist

command it almost 2000 world and pation" (Mar

If you've come into yo to guide you

If it's God in another p it clear to make it you

Write to "P.O. Box 127 (877) 2-GRA the Billy Gra www.billygr

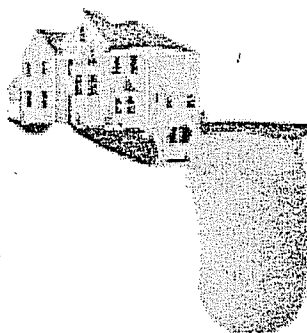
How Do You Feel About High Heating Costs?

(Check all that apply.)

- Depressed
- Anxious
- Vulnerable
- Mad
- Out of Control
- Frustrated
- None of the above — I have a ClimateMaster geothermal system.

Check out these advantages:

- ✓ Uses nature's renewable energy
- ✓ Saves up to 70%
- ✓ Comfortable and quiet
- ✓ Exceptional warranties
- ✓ Free hot water



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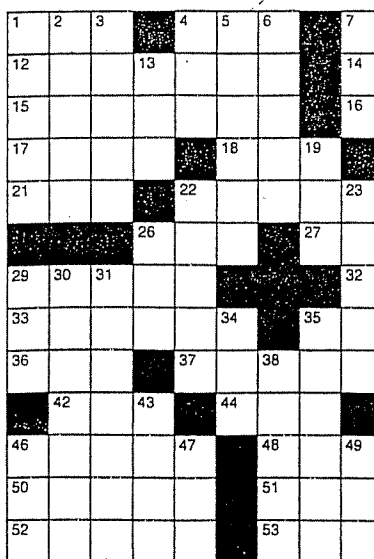
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CROSSWORD PUZZLE

By Douglas Cooper

- ACROSS**
- 1. Imitate
 - 4. Cleo's solution
 - 7. Mega explosive device
 - 12. Souvenir
 - 14. Pertaining to an arm bone
 - 15. Triumph
 - 16. ___ Vista, CA
 - 17. Italian money
 - 18. Lie
 - 20. Superlative ending
 - 21. English cathedral
 - 22. Ground wheat
 - 24. Vat
 - 26. Mine output
 - 27. Small vessel
 - 29. Vestige
 - 32. Fishing line
- DOWN**
- 33. Comment
 - 35. Fortify
 - 36. Thither
 - 37. Pillow filler
 - 39. Eggs
 - 42. Spy grp
 - 44. Couple
 - 45. Actor Pitts
 - 46. Chastise
 - 48. Exceedingly
 - 50. Objective
 - 51. Computer information
 - 52. College president
 - 53. Gov't watchdog
 - 54. Legume
- DOWN**
- 1. Sufficient
 - 2. Danger



Par time 28 minutes AP News

West used to press for greater freedom in the Soviet Union and eastern Europe.

Egypt and Saudi Arabia criticized the idea. Their 111-page document has few specifics but calls for Arabs to play a greater role in running their political, economic, social and cultural affairs.



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2037 North Main St.
Tell City, IN
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Cabinetry
School

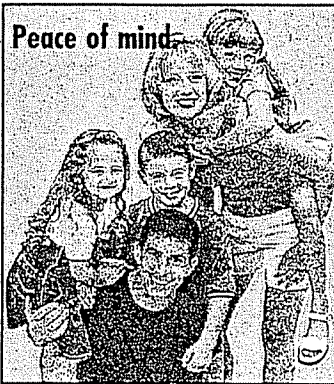
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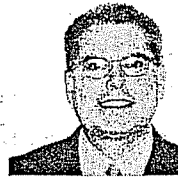


Danny House

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HOFFMAN
Insurance Services Incorporated

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E-mail: Houhoff1@adelphia.net

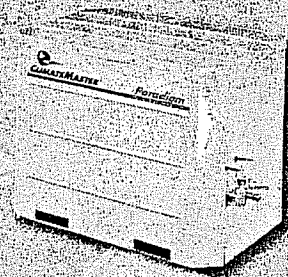


Rick Hoffman

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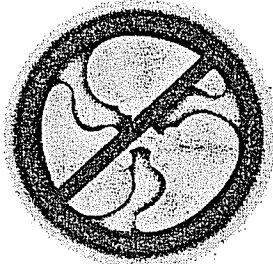
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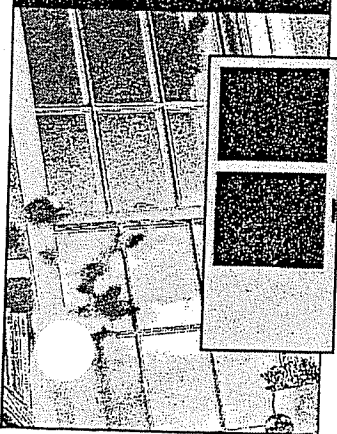
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strongest position. Observe more in the next few days and weeks. Tonight: Play out a fantasy.

Scorpio (Oct. 23-Nov. 21)

★★ Though you might not be directly involved with what goes on, you could find yourself affected by others — in particular, associates and family. In the next few weeks, a skeleton could come out of your closet. Tonight: Be easygoing — someone has to be.

Sagittarius (Nov. 22-Dec. 21)

★★ You have to work with a lack of clarity. Perhaps you are hearing what people really mean to say and not their actual words. Friends and co-workers could be strange in the next few weeks. Accept what is happening, as you cannot change it. Tonight: Work late.

Capricorn (Dec. 22-Jan. 19)

★★★★ Bosses and loved ones prove to be unpredictable, which just reminds you that you cannot put anyone in a box. People change. Use your creativity

to solve problems, if possible. Be tight with money for the next few weeks. Tonight: Do something you love.

Aquarius (Jan. 20-Feb. 18)

★★★★ You might do a total reversal in the next few months. Take your time making decisions right now. You could have a radical change of mind in the near future, be it about your home or a trip. Don't lock yourself into any position. Tonight: Take some time for yourself.

Pisces (Feb. 19-March 20)

★★ You could feel less than up to snuff. If you want to take a day off, do just that. Communication could be off, and associates could act strangely in the next few weeks. Consider what your role in these situations might be. Tonight: Nibbles with a favorite person.

Born today: Iranian leader Ayatollah Khomeini (1902), singer Enya (1961), boxer Sugar Ray Leonard (1956)

Inmate at Meade jail found dead

Associated Press

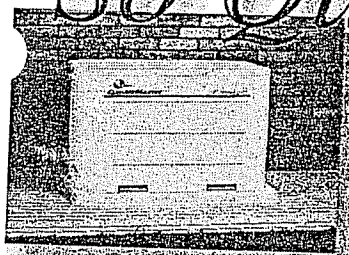
BRANDENBURG — A Meade County jail inmate hanged himself just several hours after his arrest early Sunday, according to Kentucky State Police.

Edwin L. Hesler, 38, was found dead around 3:20 a.m. EDT. An autopsy determined the cause of death was asphyxiation, police said.

Hesler had been arrested about 12:30 a.m. by the Meade County Sheriff's Department and charged with alcohol intoxication, disorderly conduct, resisting arrest and third-degree assault.

State police were investigating the death but did not suspect foul play.

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25-0474.

50 Eddie
excellent
2995, call
821-1772.

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Is now accepting applications for the following position:
Certified Activities Director.
Full time position, base shift M-F 8am-4:30pm. Ideal candidate will be organized, outgoing, and friendly with experience as Activities Director in LTC. Responsibilities include planning resident activities, participating in outings, and assisting with care plans and MDS forms.
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THE APPLICATION OF KENERGY COPR. FOR REVIEW AND APPROVAL OF EXISTING RATES

Kenergy Corp., 6402 Old Corydon Road, P.O. Box 18, Henderson, KY 42419, filed an application for approval of its existing rates with the Kentucky Public Service Commission (KPSC) on June 24, 2003. The application, which was filed pursuant to an order in KPSC Case No. 2000-395, does not include the adjustment of any existing rates or a change in any existing tariff of Kenergy.

The rates contained in the application are Kenergy's current rates and no changes are proposed; however, the Kentucky Public Service Commission may order rates to be charged that differ from the rates contained therein.

Any corporation, association, body politic or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication of this notice request to intervene in the proceeding before the Kentucky Public Service Commission, P.O. Box 615, 211 Sower Blvd., 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 through Steve Thompson at P.O. Box 1389, Owensboro, KY 42302 or by calling (270) 684-6100, Ext. 3228. A copy of the application is available for public inspection at any of the Kenergy offices in Hanson, Hartford, Hawesville, Henderson, Owensboro and Marion, KY. Kenergy Corp.

By: Dean Stanley, President and CEO

Any customer, prospective customer or agent thereof desiring additional information regarding this application may secure such information by completing the form below and returning it to Kenergy's office at the above stated address or by calling (270) 826-3991 or from the Kentucky Public Service Commission at P.O. Box 615, 211 Sower Blvd., Frankfort, KY 40601-0615 or by calling (502) 564-3940.

Name _____
Address _____

Kenergy account number _____

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

AVUME
NOPIA
BOTHED
OWWINN

www.jumble.com

I can hardly see straight. I need a nap.

Let's play

WHAT DAD NEEDED AFTER SITTING AT THE COMPUTER FOR HOURS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: "O O O O O O O O O O"
(Answers tomorrow)

Yesterday's Jumbles: CROON POPPY UPKEEP MEMBER
Answer: When he got the bill for her new glasses, it was — AN EYE OPENER

Seminoles up to third in BCS

Associated Press

Florida State moved to the top of the one-loss crowd.

The Seminoles were third in the Bowl Championship Series standings released Monday, trailing only undefeated Oklahoma and Miami in the race to play for the national championship.

The Sooners, the top team in the polls all season, have been in first place in the first two BCS standings. Oklahoma will have to keep winning to guarantee itself a spot in the Sugar Bowl on Jan. 4, starting with a showdown against Oklahoma State on Saturday.

The Cowboys, 14th in the AP poll and the BCS standings, have beaten the Sooners the past two years.

College football

"It's another very important game this week," Oklahoma coach Bob Stoops said Monday. "The more you win, the more important they get. We've got to be on top of our game to stay undefeated and stay after the championships that we're after."

The BCS standings are used to determine which teams play in a national title game. The teams that finish 1-2 in the final BCS standings on Dec. 7 will play for the title in New Orleans on Jan. 4.

The formula uses the AP media and coaches' polls, seven computer rankings, strength of schedule, losses and a bonus-point system for quality wins.

The Sooners (8-0) have a 1.0 for poll average, 1.17 for computer-rank average, 0.28 for strength of schedule and zero for losses for a 2.45 total. Oklahoma is ranked first in five of the computers with Miami the top team in the other two.

The Hurricanes (7-0), who play at Virginia Tech on Saturday, are second with 3.87 points, ahead of four tightly packed one-loss teams.

The Seminoles are at the top of that group with 10.34 points based on their strong computer rankings.

TAX RATES LEVIED For School Year 2003-04

School District Henderson County
County Henderson

To the Kentucky Board of Education, Frankfort, KY:

In compliance with Kentucky Revised Statutes and the regulations of the Kentucky Board of Education, we, the board of education of the above named school district, hereby submit for your approval the following tax rates levied on **August 18, 2003** for school year 2003-04.

Real Estate Tangible*

44.5	44.5	Total Property Tax Levy, (KRS 157.440, KRS 160.476) A portion of the levy, 6.1¢, has been committed to the Building Fund. This portion includes none original growth nickel levy, none equalized growth nickel levy, and none recallable growth nickel levy (Please note that the Total Property Tax levy must be at least the rate to produce the 5¢ equivalent as shown on the tax rate certification.)
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Motor Vehicle Tax: **54.8**

Permissive Tax Levies:

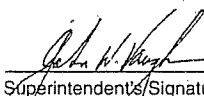
Occupational Tax (KRS 160.605) **None**

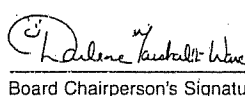
Utility Tax (KRS 160.613) **3.0%**

Excise Tax (KRS 160.621) **None**

*Tangible Property (See Instructions) Taxed Exempted N/A

Aircraft — Recreational & Non-Commercial (KRS 132.200(19))		X	
Watercraft — Non-Commercial Out-of-State or Coast Guard Registered (KRS 132.200(20))		X	

 8/18/03
Superintendent's Signature Date

 8/18/03
Board Chairperson's Signature Date

Tax Rates Levied approved by the Kentucky Board of Education on **October 9, 2003.***

*The Office of District Support Services will stamp the date on this form if the Kentucky Board of Education approves the tax rates.

NOTICE OF PUBLIC HEARING FOR KENERGY CORP. CASE NO. 2003-00165

A public hearing will be held at 9:00 a.m., Eastern Standard Time, on November 12, 2003 in Hearing Room 1 of the Kentucky Public Service Commission's offices at 211 Sower Blvd., Frankfort, KY, for the purpose of examining Kenergy's application for the review and approval of existing rates and for the cross-examination of witnesses and intervenors.

NOTICE OF COMPETITIVE SEALED BIDDING

The Henderson County Board of Education will receive sealed bids for a Office Supplies/Bookstore Supplies at the Henderson County Board of Education, 1805 Second Street, Henderson, KY, until 9:30 A.M. Friday, November 7, 2003, at which time bids will be opened.

All bids shall be submitted on forms furnished by the Board of Education. Specifications may be obtained at the above address.

Walt Spencer, CPA
Assist. Superintendent
of Finance

How Do I Place My Ad?

- Walk-In: We're located at 1401 Frederica Street.
- Call Us: 270-926-6161
- Fax Us: 270-685-3446 - Remember: Please send the ad copy, name, address, phone number and credit card information. We will call you to confirm receipt.
- Mail Us: Messenger-Inquirer Classifieds, P.O. Box 1480 Owensboro, KY 42302-1480 (Send ad copy and credit card information)
- E-Mail Us: classifieds@messenger-inquirer.com
- Online: with credit or debit card at mlclassifieds.com

Deadlines

When do you need to place your ads to get them in the paper on time?

Monday Friday 4 p.m.
 Tuesday-Saturday Previous Day at 2 p.m.
 Sunday Friday at 3 p.m.
 BackStage Pass (non-subscribers) Friday at 3 p.m.

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Monday-Friday 7:30 a.m. - 5:30 p.m.
 Saturday 8:00 a.m. - 12:00 noon



010-070
ANNOUNCEMENT
010-070



100-140
EMPLOYMENT
100-140



200-290
REAL ESTATE-RENT
200-290



300-370
REAL ESTATE-SALE
300-370



400-430
FINANCIAL
400-430

010 LEGAL NOTICES

010 LEGAL NOTICES

010 LEGAL NOTICES

010 LEGAL NOTICES

THE APPLICATION OF KENERGY CORP. FOR APPROVAL OF TARIFF REVISION

Kenergy Corp., 6402 Old Corydon Road, Post Office Box 18, Henderson, Kentucky 42419, is applying to the Kentucky Public Service Commission for approval of the revision of Schedule 118-Billing of its tariff that will change the number of billing cycles from 8 to 12, effective December 1, 2003. The application does not include the adjustment of any existing rates.

Any corporation, association, body politic or person with a substantial interest in the matter may, by written request, 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, P.O. Box 615, 211 Sower Blvd., 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. Intervenors may obtain copies of the application filed by contacting Kenergy through Steve Thompson at P.O. Box 1389, Owensboro, KY 42302, or by calling (270) 684-6100, Ext. 3228. A copy of the application is available for public inspection at any of the Kenergy offices in Hanson, Hartford, Hawesville, Henderson, Owensboro and Marion, KY.

Kenergy Corp.
 By: Dean Stanley, President and CEO

Any customer, prospective customer or agent thereof desiring additional information regarding this application may secure such information by completing the form below and returning it to Kenergy's office at the above stated address or by calling (270) 826-3991 or from the Kentucky Public Service Commission at P.O. Box 615, 211 Sower Blvd., Frankfort, KY 40601-0615 or by calling (502) 564-3940.

Name _____
 Address _____
 Kenergy account no. _____

CONTRACTORS: Audubon Area Community Services, Inc. will be accepting applications and sealed bids for demolition and reconstruction of a single family dwelling located at 345 Chestnut Street, Sacramento. Bid packets may be obtained by calling 686-1670 or 686-1624. Minority and women-owned businesses are encouraged to apply. AACS, Inc. supports Equal Opportunity Employment and Fair Housing. ****Sealed Bids will be accepted until November 7th by 4:00 p.m.**

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Warns of 'selfish pride'

This kind of pride puts self on the throne of our hearts, instead of God. It leads to arrogance because it causes us to think that we are better than others. It blinds us to our own faults and leads to jealousy and conflict.



Billy Graham
Religion columnist

to the needs of others, and causes us control others instead of loving them.

No wonder God says, "I hate pride and arrogance, evil behavior and perverse speech" (Proverbs 8:13).

The Bible also warns, "Pride goes before destruction, a haughty spirit before a fall" (Proverbs 16:18). Satan appealed to Adam and Eve's pride, causing them to sin — and we have been paying the price ever since.

Don't let pride — or anything else — keep you from

Christ. Instead, humble yourself at the foot of the cross, and open your heart to Christ's transforming power.

Pride is a dead-end road, but Christ leads us to Heaven.

Write to "My Answer," c/o Billy Graham, P.O. Box 1270, Charlotte, N.C. 28201; call (877) 2-GRAHAM; or visit the Web site for the Billy Graham Evangelistic Association: www.billygraham.org.

CROSSWORD PUZZLE

By Douglas Cooper

- ACROSS**
- River duck
 - Beige
 - Armpit
 - breve
 - Presently
 - Pile
 - Martini garnish
 - Martial
 - Stenance
 - Wary
 - Victory sign
 - Scouting groups
 - Poplar
 - Business getter
 - French river
 - Experiment
 - Water resort
 - Type measure
- DOWN**
- Confucian path of virtuous conduct
 - Building angle
 - Rank
 - Cicatrix
 - Pedal digit
 - Oriental
 - Anew
 - Midday
 - Much ado about nothing
 - Gloomy
 - Moray
 - Wife of Jacob
 - Consequently
 - Period of light
 - Keeness
 - Stained

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E	L	L	T	O	P	E	R	M	O	A	
T	E	A	A	N	E	N	T	P	R	Y	

Yesterday's Solution

- Food water
- Edible seaweeds
- Plural ending
- Intimidate
- Bellow
- Solve herb
- Aromatic
- Song of joy
- Three-banded armadillo
- Mend
- Frame for bridge support
- Landscape
- Runs
- Amassed
- Verily
- Turf
- Having retired
- Dog's antagonist
- Take notice of
- Shred
- Antiquity
- Measure of length
- Pronoun

Par time 21 minutes AP Newsfeatures 1/6

STATEMENT OF NONDISCRIMINATION

Kenergy Corp is the recipient of federal financial assistance from the Rural Utilities Service (RUS), an agency of the U.S. Department of agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended, and the rules of the U.S. Department of Agriculture, which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities. The person responsible for coordinating this organization's nondiscrimination compliance efforts is the Human Resources Manager. Any individual or specific class of individuals who feels that this organization has subjected them to discrimination may file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Utilities Service, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discriminatory action, or by such later date to which the Secretary of Agriculture or the Administrator of RUS extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the rules and regulations of the U.S. Department of Agriculture.

Kenergy
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*Her safety is important
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Kenergy cares about its consumers and wants to ensure their safety.

REMEMBER:

- Don't plug too many appliances into one outlet.
- Don't use electrical appliances near water.
- Never go near a broken power line. Warn others!
- Climbing trees or working on rooftops can result in accidental contact with power lines. Inspect for power lines and stay 10 feet away!



Kenergy
 Your Touchstone Energy Partner

Erectil

By Jed Dur

It is estimated that Erectile Dysfunction (referred to as "impotence") affects more than 10 million men over 40 years of age, or 140 million men worldwide. However, only one in 20 men receives medical treatment, demonstrating the clear need for advanced therapies. Viagra® is not always successful, requires a one-hour wait to work, and has been associated with adverse effects and drug interactions. New therapies are currently undergoing research. Tadalafil and vardenafil are more selectively targeted for release near the end of this year. Sildenafil is a medication used to treat ED that is available in Europe but has not been approved in America, amid concerns of syncope (fainting) and interaction with alcohol, and the side effect of priapism. *you have questions regarding therapies, contact our professional compounding pharmacist.*

To reach the experienced pharmacist at Dunaway's Imperial Pharmacy, local Henderson, call 826-6565.

This article is intended to provide information related to medical matters. The ideas expressed are not to be taken as medical advice or instruction. Please consult a health professional before based upon the information contained in this article.

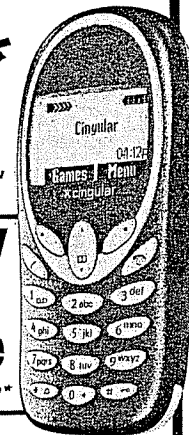
Physician **Dunaway's**
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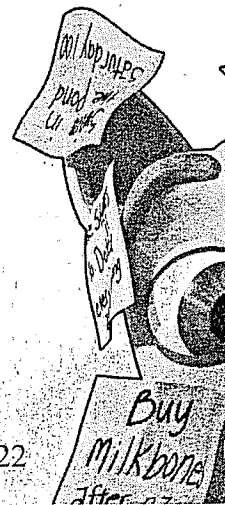
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(270) 830-0444

*Cingular also imposes the following charges: a Regulatory Cost Recovery Fee of up to \$1.25 to help defray its costs incurred in complying with obligations and charges imposed by State and Federal telecom regulation, a gross receipts surcharge, and State and Federal Universal Service charges. The Regulatory Cost Recovery Fee is not a tax or required charge. Limited time offer. Requires a 2-year service agreement on each line. \$36 activation fee applies. Other conditions and restrictions apply. See contract and rate plan brochure for details. Requires credit approval. Cannot be combined with other service agreement. Billing: Usage rounded to next full minute. Unused minutes are forfeited. Early termination fee of \$240 prorated over the length of the service agreement. Night hours are 9pm on Friday to 7am on Monday. Cingular does not guarantee uninterrupted service coverage. Cingular Wireless is a registered trademark.

Welcome To Henderson

Home People & Chat Email

Henderson Online™ no
sticky notes
access



Item 20
 Page 18 of 22

What Do You Use To Help You **Fall Asleep?**

1. • Ronnie Stooksbury, 24, was issued a bench warrant for a probation violation on a felony offense.

• Amanda Rogers was issued a bench warrant.

Balance waived...

• R. J. James Cain, 36, had a bench warrant waived.

Motion granted...

• Charles Edward Hollowell, had a motion granted for Commonwealth Attorney to furnish information on first degree burglary, forced entry of a residence, convicted felon in possession of a handgun and second degree persistent felony offender.

• Brenda Lee Sims, 30, had a motion granted and information closed on two counts of first degree cocaine trafficking.

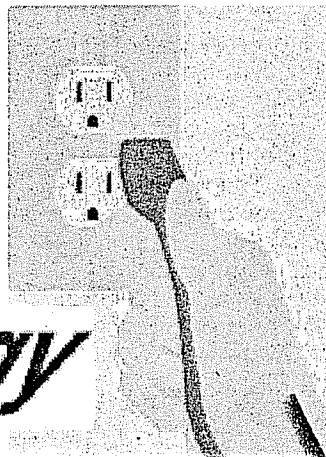
• Mary Beth Sullivan had a motion granted on welfare fraud, failure to report changes affecting benefits.

A Plug For Safety

Electricity provides a lot of useful services for you every day — from entertainment to cooking and powering motors and computers in the workplace. But, electricity has its hazards.

- Have an electrician make a thorough check of your home's wiring system.
- Remember that water conducts electricity, so keep appliances away from water.
- Even if not in use, electric appliances can shock you if plugged in. Unplug them when not in use.
- Never, never, never get closer than 10 feet from a power line.

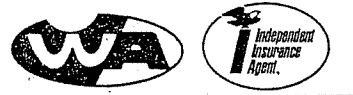
Safety First
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YOU'RE INVITED TO A AND PRAISE SERVICE y SEPT. 11 • 7 P.M. y BAPTIST CHURCH



2003 Fall Radio Commercials

Title: In the Hunt
Time: :30

Fall is hunting season in Kentucky. And the good folks at your local electric cooperative encourage you to grab your gun and get in on the hunt.

No, we're not talking about a 20-gauge shotgun. We're talking about a caulk gun. And the hunt is for energy-wasting cracks and openings on the outside of your home.

For advice on where to start your hunt, contact the energy experts at your local electric co-op. They can help put energy savings in your sights.

We're Kentucky's electric cooperatives, and *Our Power is Our People.*



2003 Fall Radio Commercials

Title: Harvest Time
Time: :30

If you're involved in this fall's harvest, the good folks at your local electric cooperative remind you to be careful and to watch out for overhead power lines.

So before you start work in a new area, take a few minutes to look around. Make a mental note of the height and location of all power lines. And then obey the "ten foot rule." Always keep your farm equipment at least ten feet away from any overhead power lines.

We're Kentucky's electric cooperatives, and *Our Power is Our People.*



2003 Fall Radio Commercials

Title: Fall Leaves

Time: :30

As you clean up this fall's leaves, the good folks at your local electric cooperative encourage you to be careful.

Before you hoist a ladder to get to those leaf-clogged gutters, take a minute to look around your work area. Make a mental note of the height and location of all power lines. And then obey the "ten foot rule." Always keep your ladder at least ten feet away from any overhead power lines.

We're Kentucky's electric cooperatives, and *Our Power is Our People.*

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005

CASE NO. 2004-00446

1 **Item 21)** Refer to Staff First Request, Item 31, pages 4 through 47 of 57. State the nature of the
2 transaction, how much was expensed, and why it should be included for rate-making purposes for each
3 of the transactions listed in the following categories:

- 4 a) Board Election
- 5 b) Director Board Fees
- 6 c) Del/Alt Associate Meetings
- 7 d) KAEC Board Meeting Expense Cox
- 8 e) Other

9 **Response)** Item 21, pages 2 – 13 of 13, contain the above referenced information. Per Exhibit 15,
10 page 16 of the application, 73.57% of the Board of Directors expenses were expensed, .55% was
charged to non-regulated, and .90% was billed to outside parties, with the remaining costs capitalized.

12 These expenses are reasonable and further the legitimate purposes of the cooperative,
13 thereby benefiting the members. Kenergy submits that such expenses should be allowed for rate-
14 making purposes. Authority for this is found in 64AmJur2d, Public Utilities, Section 118 et seq.,
15 which recognizes that expenses should be allowed for rate-making purposes if they benefit the
16 members and are reasonable. Kenergy also points out that expenses for these transactions were
17 allowed in Kenergy's last rate case, No. 2003-00165. Kenergy agrees to remove the expenses listed on
18 pages 2 – 13 of 13 under the "Other" column for the Directors Emeritus mileage for rate-making
19 purposes (Directors Dawson, Johnson & Cecil).

20
21 **Witnesses)** Steve Thompson (Nature of Transaction & How Much Was Expensed)
Mark Bailey (Why It Should Be Included For Rate-Making Purposes)

KENERGY

CASE NO. 2004-00446

ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT
FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Ait Assoc Meetings	KAEC Bd		Other
									Mtg Exp	Cox	
1	162593	Kentucky Assoc of Electric Coop	Congressional brkfst - J Grant	07/18/03	6342						30.00
3	161696	Dr Royce E Dawson	Mileage	06/06/03	5190						25.20
5	161696	Dr Royce E Dawson	Mtg exp	06/06/03	5190						1.00
6	161695	RC Johnson	Mileage	06/06/03	5238						51.84
8	161695	RC Johnson	Mtg exp	06/06/03	5238						2.00
9	161777	Joyce Davis	Mileage - ballot count	06/13/03	5375	10.80					
10	161779	Vic Hagman	Mileage - ballot count	06/13/03	5394	46.80					
12	161778	Charles Payne	Mileage - ballot count	06/13/03	5455	18.00					
13	161836	Glenn E Cox	Mileage	06/20/03	5543		200.00				183.60
14	161836	Glenn E Cox	Mtg fee - bd	06/20/03	5543						
15	161836	Glenn E Cox	Mtg exp	06/20/03	5543						11.50
17	161725	William Denton	Mileage	06/20/03	5547						17.28
18	161725	William Denton	Mtg fee - bd	06/20/03	5547		200.00				
21	161723	Larry Elder	Mileage	06/20/03	5553						40.32
22	161723	Larry Elder	Mtg fee - bd	06/20/03	5553		200.00				
25	161728	James N Grant	Mileage	06/20/03	5562						91.80
26	161728	James N Grant	Mtg fee - bd	06/20/03	5562		200.00				
30	161731	Michael Maloney	Mileage	06/20/03	5590						79.20
31	161731	Michael Maloney	Mtg fee - bd	06/20/03	5590		200.00				
33	161731	Michael Maloney	Mtg exp	06/20/03	5590						2.00
35	162058	Joanne Masters	Ballot count expenses	06/20/03	5594	40.00					
36	161729	Christopher Mitchell	Mileage	06/20/03	5599						44.64
37	161729	Christopher Mitchell	Mtg fee - bd	06/20/03	5599		400.00				
39	161727	S Randolph Powell	Mileage	06/20/03	5613						23.04
40	161727	S Randolph Powell	Mtg fee - bd	06/20/03	5613		200.00				
43	161722	William Reid	Mtg fee - bd	06/20/03	5618		200.00				
45	161724	Dr H M Smith	Mileage	06/20/03	5633						30.24
46	161724	Dr H M Smith	Mtg fee - bd	06/20/03	5633		400.00				
48	161730	George Warren	Mileage	06/20/03	5653						48.96
49	161730	George Warren	Mtg fee - bd	06/20/03	5653		200.00				
51	161730	George Warren	Mtg exp	06/20/03	5653						1.00
53	161726	Sandra Wood	Mileage	06/20/03	5661						72.00
54	161726	Sandra Wood	Mtg fee - bd	06/20/03	5661		200.00				
57	162540	Rural Coop Credit Union - VISA	Ballot count expenses	06/27/03	5879	41.63					
58	162545	Rural Coop Credit Union - VISA	KAEC bd mtg - G Cox	06/27/03	5879					104.83	
59	162536	Wal-Mart	Bd mtg supplies	06/27/03	5918						17.50
60	162754	Dr H M Smith	Mileage	07/03/03	6075						32.40
63						\$ 157.23	\$ 2,600.00	\$ -	\$ 104.83	\$	805.52

KENERGY

CASE NO. 2004-00446

ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT
FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt		KAEC Bd		Other
								Assoc Meetings	Cox	Mtg Exp	Cox	
64												
65	162982	Marion Cecil	Mileage	07/11/03	6136							21.60
67	162982	Marion Cecil	Mtg exp	07/11/03	6136							1.00
68	162983	Dr Royce E Dawson	Mileage	07/11/03	6145							25.20
70	162983	Dr Royce E Dawson	Mtg exp	07/11/03	6145							1.00
71	162984	RC Johnson	Mileage	07/11/03	6187							26.64
73	163071	Glenn E Cox	Mileage	07/18/03	6307							345.60
74	163071	Glenn E Cox	Mtg fee - bd	07/18/03	6307		200.00					
79	163071	Glenn E Cox	Mtg exp	07/18/03	6307							11.28
82	162994	Larry Elder	Mileage	07/18/03	6316							20.16
83	162994	Larry Elder	Mtg fee - bd	07/18/03	6316		200.00					
85	162995	James N Grant	Mileage	07/18/03	6327							70.20
86	162995	James N Grant	Mtg fee - bd	07/18/03	6327		200.00					
88	162995	James N Grant	Mtg exp	07/18/03	6327							1.50
90	163199	Michael Maloney	Mileage	07/18/03	6353							39.60
91	163199	Michael Maloney	Mtg fee - bd	07/18/03	6353		200.00					
93	163199	Michael Maloney	Mtg exp	07/18/03	6353							1.00
95	162978	Christopher Mitchell	Mileage	07/18/03	6359							22.32
96	162978	Christopher Mitchell	Mtg fee - bd	07/18/03	6359		200.00					
99	162981	S Randolph Powell	Mileage	07/18/03	6375							23.04
100	162981	S Randolph Powell	Mtg fee - bd	07/18/03	6375		200.00					
103	162977	William Reid	Mtg fee - bd	07/18/03	6380		200.00					
106	162980	Dr H M Smith	Mileage	07/18/03	6393							15.12
107	162980	Dr H M Smith	Mtg fee - bd	07/18/03	6393		200.00					
109	162979	George Warren	Mileage	07/18/03	6412							48.96
110	162979	George Warren	Mtg fee - bd	07/18/03	6412		200.00					
113	162976	Sandra Wood	Mileage	07/18/03	6420							36.00
114	162976	Sandra Wood	Mtg fee - bd	07/18/03	6420		200.00					
116	163459	Big Rivers Electric Corp	Labels - board election ballots	07/25/03	6461	16.59						
119	164151	Rural Coop Credit Union - VISA	Bd mtg supplies	07/25/03	6730							4.76
120	164041	Wal-Mart	Bd mtg supplies	07/25/03	6778							15.00
123	164288	Rural Coop Credit Union - VISA	United Util Supply Ann Mtg - G Cox	08/01/03	6920							70.85
126						\$ 16.59	\$ 2,000.00	\$ -	\$ -	\$ -	\$ -	\$ 800.83
127												
129	164541	Dr Royce E Dawson	Mileage	08/08/03	6999							25.20
131	164541	Dr Royce E Dawson	Mtg exp	08/08/03	6999							1.00
132	164539	RC Johnson	Mileage	08/08/03	7041							51.84
134	164539	RC Johnson	Mtg exp	08/08/03	7041							2.00
137	164896	Glenn E Cox	Mileage	08/15/03	7156							226.80

KENERGY

CASE NO. 2004-00446

ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT

FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt Assoc Meetings	KAEC Bd	
									Mtg Exp	Other
138	164896	Glenn E Cox	Mtg fee - bd	08/15/03	7156		200.00			
140	164896	Glenn E Cox	Mtg exp - lunch KAEC	08/15/03	7156				12.25	
141	164550	William Denton	Mileage	08/15/03	7162					41.40
142	164550	William Denton	Mtg fee - bd	08/15/03	7162		200.00			
146	164547	Larry Elder	Mileage	08/15/03	7170					40.32
147	164547	Larry Elder	Mtg fee - bd	08/15/03	7170		200.00			
150	164548	James N Grant	Mileage	08/15/03	7178					97.20
151	164548	James N Grant	Mtg fee - bd	08/15/03	7178		200.00			
153	164548	James N Grant	Mtg exp	08/15/03	7178					2.00
156	164546	Christopher Mitchell	Mileage	08/15/03	7226					44.64
157	164546	Christopher Mitchell	Mtg fee - bd	08/15/03	7226		200.00			
160	164545	S Randolph Powell	Mileage	08/15/03	7248					23.04
161	164545	S Randolph Powell	Mtg fee - bd	08/15/03	7248		200.00			
164	164544	William Reid	Mtg fee - bd	08/15/03	7254		200.00			
167	164542	Dr H M Smith	Mileage	08/15/03	7266					30.24
168	164542	Dr H M Smith	Mtg fee - bd	08/15/03	7266		200.00			
171	164549	George Warren	Mileage	08/15/03	7279					48.96
172	164549	George Warren	Mtg fee - bd	08/15/03	7279		200.00			
175	164543	Sandra Wood	Mileage	08/15/03	7287					72.00
176	164543	Sandra Wood	Mtg fee - bd	08/15/03	7287		200.00			
180	165236	Rural Coop Credit Union - VISA	KAEC Bd mtg exp - G Cox	08/29/03	7644				104.83	
181	165140	Wal-Mart	Bd mtg supplies	08/29/03	7685					43.38
182							\$ -	\$ -	\$ 117.08	\$ 750.02
183										
184	165995	Marion Cecil	Mileage	09/05/03	7763					21.60
186	165995	Marion Cecil	Mtg exp	09/05/03	7763					1.00
187	165994	Dr Royce E Dawson	Mileage	09/05/03	7776					25.20
189	165994	Dr Royce E Dawson	Mtg exp	09/05/03	7776					1.00
190	165996	RC Johnson	Mileage	09/05/03	7839					26.64
192	166668	Glenn E Cox	Mileage	09/19/03	9016					43.20
193	166668	Glenn E Cox	Mtg fee - bd	09/19/03	9016		200.00			
195	166028	William Denton	Mileage	09/19/03	9031					7.92
196	166028	William Denton	Mtg fee - bd	09/19/03	9031		200.00			
198	166034	Larry Elder	Mileage	09/19/03	9040					20.16
199	166034	Larry Elder	Mtg fee - bd	09/19/03	9040		200.00			
201	166030	James N Grant	Mileage	09/19/03	9070					21.60
202	166030	James N Grant	Mtg fee - bd	09/19/03	9070		200.00			
204	166027	Michael Maloney	Mileage	09/19/03	9140					39.60
205	166027	Michael Maloney	Mtg fee - bd	09/19/03	9140		200.00			

KENERGY

CASE NO. 2004-00446

ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT
FOR 12 MONTHS ENDED MAY 31, 2004

Line	Control	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Ait Assoc Meetings	KAEC Bd Mtg Exp Cox	Other
206	166027	Michael Maloney	Mtg exp	09/19/03	9140					1.00
208	166029	Christopher Mitchell	Mileage	09/19/03	9156					22.32
209	166029	Christopher Mitchell	Mtg fee - bd	09/19/03	9156		200.00			
212	166033	S Randolph Powell	Mileage	09/19/03	9187					11.52
213	166033	S Randolph Powell	Mtg fee - bd	09/19/03	9187		200.00			
215	166035	William Reid	Mtg fee - bd	09/19/03	9204		200.00			
217	166032	Dr H M Smith	Mileage	09/19/03	9227					15.12
218	166032	Dr H M Smith	Mtg fee - bd	09/19/03	9227		200.00			
221	166031	Sandra Wood	Mileage	09/19/03	9283					72.00
222	166031	Sandra Wood	Mtg fee - bd	09/19/03	9283		200.00			
225	167862	Wal-Mart	Bd mtg supplies	09/26/03	9691					15.00
228	168305	George Warren	Mileage	10/03/03	9884					162.00
229	168305	George Warren	Mtg fee - bd	10/03/03	9884		200.00			
231	168305	George Warren	Mtg exp - NRECA reg conf	10/03/03	9884			386.38		
235							\$ -	\$ 2,200.00	\$ -	\$ 506.88
236										
237	169585	Wyndall's Foodland	supplies - bd work session	11/26/03	11436					10.98
239	168714	Dr Royce E Dawson	Mileage	10/10/03	9947					25.20
241	168714	Dr Royce E Dawson	Mtg exp	10/10/03	9947					1.00
242	168713	RC Johnson	Mileage	10/10/03	9987					51.84
244	168713	RC Johnson	Mtg exp	10/10/03	9987					2.00
247	168798	Glenn E Cox	Mileage	10/17/03	10102					254.16
248	168798	Glenn E Cox	Mtg fee - bd	10/17/03	10102		200.00			
251	168706	William Denton	Mileage	10/17/03	10109					7.20
252	168706	William Denton	Mtg fee - bd	10/17/03	10109		200.00			
254	168632	Larry Elder	Mileage	10/17/03	10115					20.16
255	168632	Larry Elder	Mtg fee - bd	10/17/03	10115		200.00			
257	168711	James N Grant	Mileage	10/17/03	10129					21.60
258	168711	James N Grant	Mtg fee - bd	10/17/03	10129		200.00			
261	168709	Michael Maloney	Mileage	10/17/03	10154					39.60
262	168709	Michael Maloney	Mtg fee - bd	10/17/03	10154		200.00			
263	168709	Michael Maloney	Mtg exp	10/17/03	10154					1.00
265	168707	Christopher Mitchell	Mileage	10/17/03	10161					22.32
266	168707	Christopher Mitchell	Mtg fee - bd	10/17/03	10161		200.00			
271	168705	S Randolph Powell	Mileage	10/17/03	10180					206.64
272	168706	S Randolph Powell	Mtg fee - bd	10/17/03	10180		200.00			
274	168708	S Randolph Powell	Mtg exp - NRECA reg conf	10/17/03	10180			477.80		
276	168633	William Reid	Mtg fee - bd	10/17/03	10183		200.00			
278	168710	Dr H M Smith	Mileage	10/17/03	10191					15.12

KENERGY

CASE NO. 2004-00446

ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT
FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt Assoc Meetings	KAEC Bd	
									Mtg Exp	Cox
279	168710	Dr H M Smith	Mtg fee - bd	10/17/03	10191		200.00			
282	168708	Sandra Wood	Mileage	10/17/03	10208					36.00
283	168708	Sandra Wood	Mtg fee - bd	10/17/03	10208		200.00			
289	169144	Wal-Mart	Bd mtg supplies	10/24/03	10346					14.88
291	169597	George Warren	Mileage	10/31/03	10561					128.16
292	169597	George Warren	Mtg fee - bd	10/31/03	10561		200.00			
295	169597	George Warren	Mtg exp - bd	10/31/03	10561					1.00
296							\$ 2,200.00	\$ 477.80	\$ -	\$ 858.86
297										
298	170927	Rural Coop Credit Union - VISA	KAEC Ann mtg exp - G Cox	12/05/03	11593					264.14
299	169785	Marion Cecil	Mileage	11/07/03	10614					21.60
301	169785	Marion Cecil	Mtg exp - bd	11/07/03	10614					1.00
303	169786	Dr Royce E Dawson	Mtg exp - bd	11/07/03	10630					1.00
304	169784	RC Johnson	Mileage	11/07/03	10675					26.64
309	170071	Glenn E Cox	Mileage	11/14/03	10797					367.20
310	170071	Glenn E Cox	Mtg fee - bd	11/14/03	10797		200.00			
312	170071	Glenn E Cox	Mtg fee - KAEC Ann mtg	11/14/03	10797		200.00	12.36		
313	170071	Glenn E Cox	Mtg exp - KAEC Ann mtg	11/14/03	10797					
314	170070	Dr Royce E Dawson	Mileage	11/14/03	10806					25.20
316	169832	William Denton	Mileage	11/14/03	10808					25.20
317	169832	William Denton	Mtg fee - bd	11/14/03	10808		200.00			
321	169835	Larry Elder	Mileage	11/14/03	10809					20.16
322	169835	Larry Elder	Mtg fee - bd	11/14/03	10809		200.00			
324	169831	James N Grant	Mileage	11/14/03	10819					70.56
325	169831	James N Grant	Mtg fee - bd	11/14/03	10819		200.00			
328	169833	Michael Maloney	Mileage	11/14/03	10847					86.40
329	169833	Michael Maloney	Mtg fee - bd	11/14/03	10847		200.00			
331	169833	Michael Maloney	Mtg exp	11/14/03	10847					2.00
333	169827	Christopher Mitchell	Mileage	11/14/03	10855					177.84
334	169827	Christopher Mitchell	Mtg fee - bd	11/14/03	10855		200.00			
339	169828	S Randolph Powell	Mileage	11/14/03	10866					143.64
340	169828	S Randolph Powell	Mtg fee - bd	11/14/03	10866		200.00			
345	169834	William Reid	Mileage	11/14/03	10871					126.00
346	169834	William Reid	Mtg fee - bd	11/14/03	10871		200.00			
351	169829	Dr H M Smith	Mileage	11/14/03	10887					15.12
352	169829	Dr H M Smith	Mtg fee - bd	11/14/03	10887		200.00			
354	169830	Dr H M Smith	Mileage	11/14/03	10887					130.32
357	169830	Dr H M Smith	Mtg exp - KAEC Ann mtg	11/14/03	10887			284.34		
359	169891	George Warren	Mileage	11/14/03	10905					24.48

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ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT

FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt Assoc Meetings	KAEC Bd Mtg Exp Cox	Other
361	169891	George Warren	Mtg fee - bd	11/14/03	10905		200.00			
363	169826	Sandra Wood	Mileage	11/14/03	10911					210.96
364	169826	Sandra Wood	Mtg fee - bd	11/14/03	10911		200.00			
367	169826	Sandra Wood	Mtg exp - CEO search	11/14/03	10911					200.00
369	170408	Wal-Mart	Bd mtg supplies	11/21/03	11072					33.80
370	170408	Wal-Mart	Bd mtg supplies	11/21/03	11072					23.82
371	170729	Rural Coop Credit Union - VISA	Bd mtg supplies	11/26/03	11366					9.88
372	170852	Rural Coop Credit Union - VISA	Mtg exp - CEO search	11/26/03	11366					145.53
374							\$ 2,400.00	\$ 296.70	\$ 264.14	\$ 1,888.35
375										
377	171120	Dr Royce E Dawson	Mileage	12/05/03	11494					25.20
379	171120	Dr Royce E Dawson	Mtg exp - bd	12/05/03	11494					1.00
380	171121	RC Johnson	Mileage	12/05/03	11538					51.84
382	171121	RC Johnson	Mtg exp - bd	12/05/03	11538					2.00
392	171351	Glenn E Cox	Mileage	12/19/03	11875					183.60
393	171351	Glenn E Cox	Mtg fee - bd	12/19/03	11875		200.00			36.45
396	171351	Glenn E Cox	Mtg exp	12/19/03	11875					7.20
398	171271	William Denton	Mileage	12/19/03	11878					
399	171271	William Denton	Mtg fee - bd	12/19/03	11878		200.00			
402	171180	Larry Elder	Mileage	12/19/03	11886					20.16
403	171180	Larry Elder	Mtg fee - bd	12/19/03	11886		200.00			
405	171274	James N Grant	Mileage	12/19/03	11897					108.36
406	171274	James N Grant	Mtg fee - bd	12/19/03	11897		200.00			
408	171274	James N Grant	Mtg exp - KAEC Financial Resp	12/19/03	11897					6.00
409	171274	James N Grant	Mtg exp - bd	12/19/03	11897					1.00
412	171273	Christopher Mitchell	Mileage	12/19/03	11924					22.32
413	171273	Christopher Mitchell	Mtg fee - bd	12/19/03	11924		200.00			
415	171178	S Randolph Powell	Mileage	12/19/03	11940					11.52
416	171178	S Randolph Powell	Mtg fee - bd	12/19/03	11940		200.00			
418	171179	William Reid	Mtg fee - bd	12/19/03	11942		200.00			
420	171270	Dr H M Smith	Mileage	12/19/03	11952					15.12
421	171270	Dr H M Smith	Mtg fee - bd	12/19/03	11952		200.00			
424	172171	Dr H M Smith	Void check	12/19/03	11952		(200.00)			(15.12)
425	171469	George Warren	Mileage	12/19/03	11967					24.48
426	171469	George Warren	Mtg fee - bd	12/19/03	11967		200.00			
429	171272	Sandra Wood	Mileage	12/19/03	11977					36.00
430	171272	Sandra Wood	Mtg fee - bd	12/19/03	11977		200.00			
433	171913	James N Grant	Mileage	12/23/03	12025					115.92
436	171913	James N Grant	Mtg exp - NRECA Ethics & Gov	12/23/03	12025					532.98

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ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT

FOR 12 MONTHS ENDED MAY 31, 2004

Line	Control	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt Assoc. Meetings	KAEC Bd Mtg Exp Cox	Other
437	171976	Rural Coop Credit Union - VISA	Fiduciary mtg exp - G Cox	12/23/03	12075					95.03
438	171976	Rural Coop Credit Union - VISA	KAEC bd mtg exp - G Cox	12/23/03	12075				104.83	
439	172172	Dr H M Smith	Mileage	12/31/03	12109					15.12
440	172173	Dr H M Smith	Mtg fee - bd	12/31/03	12109		200.00			
443	171565	KAEC	KAEC annual mtg - Smith	01/02/04	12170			79.50		
446	171565	KAEC	KAEC annual mtg - Cox	01/02/04	12170			79.50		
449	172005	Rural Coop Credit Union - VISA	Bd mtg supplies	01/02/04	12206					14.88
451						\$ -	\$ 2,000.00	\$ 159.00	\$ 104.83	\$ 1,311.06
452										
453	172457	Dr Royce E Dawson	Mileage	01/09/04	12276					26.25
455	172457	Dr Royce E Dawson	Mtg exp - tolls	01/09/04	12276					1.00
456	172459	RC Johnson	Mileage	01/09/04	12315					45.00
458	172459	RC Johnson	Mtg exp - tolls	01/09/04	12315					2.00
463	172718	William Denton	Mileage	01/16/04	12471					41.25
464	172718	William Denton	Mtg fee - bd	01/16/04	12471		200.00			
468	172723	Larry Elder	Mileage	01/16/04	12477					21.00
469	172723	Larry Elder	Mtg fee - bd	01/16/04	12477		200.00			
471	172722	James N Grant	Mileage	01/16/04	12489					50.62
472	172722	James N Grant	Mtg fee - bd	01/16/04	12489		200.00			
473	172722	James N Grant	Mtg exp	01/16/04	12489					1.00
475	172720	Michael Maloney	Mileage	01/16/04	12520					90.00
476	172720	Michael Maloney	Mtg fee - bd	01/16/04	12520		200.00			
479	172717	Christopher Mitchell	Mileage	01/16/04	12526					125.49
480	172717	Christopher Mitchell	Mtg fee - bd	01/16/04	12526		200.00			
482	172717	Christopher Mitchell	Mtg exp	01/16/04	12526					650.09
485	172726	S Randolph Powell	Mileage	01/16/04	12546					12.00
486	172726	S Randolph Powell	Mtg fee - bd	01/16/04	12546		200.00			
488	172724	William Reid	Mtg fee - bd	01/16/04	12551		200.00			
490	172721	Dr H M Smith	Mileage	01/16/04	12564					15.75
491	172721	Dr H M Smith	Mtg fee - bd	01/16/04	12564		200.00			
493	172725	George Warren	Mtg fee - bd	01/16/04	12581		200.00			
495	172719	Sandra Wood	Mileage	01/16/04	12588					93.75
496	172719	Sandra Wood	Mtg fee - bd	01/16/04	12588		200.00			
499	172826	National Rural Electric Coop	Subscription - Rural Elect Mag.	01/23/04	12667					501.38
500	172835	National Rural Electric Coop	Ethics & Gov Conf - Mitchell	01/23/04	12667					675.00
501	172835	National Rural Electric Coop	Ethics & Gov Conf - Grant	01/23/04	12667					675.00
502	173056	Rural Coop Credit Union - VISA	KAEC bd mtg exp - G Cox	01/30/04	12842				104.83	
503	173056	Rural Coop Credit Union - VISA	Mtg - CEO Search - G Cox	01/30/04	12842					132.16
504	173057	Rural Coop Credit Union - VISA	Bd mtg supplies	01/30/04	12842					12.50

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ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT

FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt Assoc Meetings	KAEC Bd	
									Mtg Exp	Other
505	173123	Rural Coop Credit Union - VISA	Mtg exp - CEO search - S Wood	01/30/04	12842					211.76
506	173235	Rural Coop Credit Union - VISA	Flowers - S Wood	01/30/04	12842					74.20
509						\$ -	\$ 2,000.00	\$ -	\$ 104.83	\$ 3,457.20
510										
511	173568	Glenn E Cox	Mileage	02/06/04	12923					270.00
512	173568	Glenn E Cox	Mtg fee - bd	02/06/04	12923		200.00			
514	173568	Glenn E Cox	Mtg exp - KAEC bd	02/06/04	12923					14.88
516	173778	Marion Cecil	Mtg exp - bd	02/13/04	13085					1.00
517	173778	Marion Cecil	Mileage	02/13/04	13085					22.50
519	173780	Dr Royce E Dawson	Mtg exp - bd	02/13/04	13097					1.00
520	173780	Dr Royce E Dawson	Mileage	02/13/04	13097					26.25
522	173779	RC Johnson	Mtg exp - bd	02/13/04	13123					1.00
523	173779	RC Johnson	Mileage	02/13/04	13123					27.75
524	173905	Glenn E Cox	Mileage	02/20/04	13228					206.25
525	173905	Glenn E Cox	Mtg fee - bd	02/20/04	13228		200.00			
527	173905	Glenn E Cox	Mtg exp - KAEC	02/20/04	13228					
530	173903	Larry Elder	Mileage	02/20/04	13234				12.88	42.00
531	173903	Larry Elder	Mtg fee - bd	02/20/04	13234		200.00			
534	173902	James N Grant	Mileage	02/20/04	13251					101.26
535	173902	James N Grant	Mtg fee - bd	02/20/04	13251		200.00			
537	173902	James N Grant	Mtg exp - bd	02/20/04	13251					2.00
540	173897	Christopher Mitchell	Mileage	02/20/04	13278					46.50
541	173897	Christopher Mitchell	Mtg fee - bd	02/20/04	13278		200.00			
545	173898	S Randolph Powell	Mileage	02/20/04	13296					24.00
546	173898	S Randolph Powell	Mtg fee - bd	02/20/04	13296		200.00			
549	173901	William Reid	Mileage	02/20/04	13303					31.88
550	173901	William Reid	Mtg fee - bd	02/20/04	13303		200.00			
552	173899	Dr H M Smith	Mileage	02/20/04	13313					31.50
553	173899	Dr H M Smith	Mtg fee - bd	02/20/04	13313		200.00			
556	173904	George Warren	Mileage	02/20/04	13325					51.00
557	173904	George Warren	Mtg fee - bd	02/20/04	13325		200.00			
560	173900	Sandra Wood	Mileage	02/20/04	13325					75.00
561	173900	Sandra Wood	Mtg fee - bd	02/20/04	13325		200.00			
564	174132	Dr H M Smith	Mileage	02/23/04	13340					33.76
568	174214	National Rural Electric Coop	Subscription - Wood/Elder	02/27/04	13443					50.00
569	174196	Rural Coop Credit Union - VISA	Mtg exp - KAEC bd	02/27/04	13466				104.83	
570	174334	Rural Coop Credit Union - VISA	Bd mtg supplies	02/27/04	13466					12.84
572						\$ -	\$ 2,000.00	\$ -	\$ 117.71	\$ 1,072.37
573										

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ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT

FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control No.	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt Assoc Meetings	KAEC Bd Mtg Exp Cox	Other
577	174920	Dr Royce E Dawson	Mtg exp - bd	03/19/04	13866					1.00
578	174920	Dr Royce E Dawson	Mileage	03/19/04	13866					26.25
579	174918	William Denton	Mtg fee - bd	03/19/04	13867		200.00			
582	174918	William Denton	Mileage	03/19/04	13867					19.13
584	174850	Larry Elder	Mileage	03/19/04	13870					21.00
585	174850	Larry Elder	Mtg fee - bd	03/19/04	13870		200.00			
588	174849	James N Grant	Mtg fee - bd	03/19/04	13886		200.00			
590	174849	James N Grant	Mileage	03/19/04	13886					22.50
593	174919	RC Johnson	Mtg exp - bd	03/19/04	13896					2.00
594	174919	RC Johnson	Mileage	03/19/04	13896					54.00
595	174879	Michael Maloney	Mtg fee - bd	03/19/04	13915		200.00			
597	174879	Michael Maloney	Mileage	03/19/04	13915					45.00
600	174729	Christopher Mitchell	Mtg exp - NRECA ann'l mtg	03/19/04	13918			1,563.38		
602	174915	Christopher Mitchell	Mtg fee - bd	03/19/04	13918		200.00			
603	174915	Christopher Mitchell	Mileage	03/19/04	13918					23.25
606	174848	S Randolph Powell	Mtg fee - bd	03/19/04	13935		200.00			
608	174848	S Randolph Powell	Mtg exp - NRECA ann'l mtg	03/19/04	13935			504.75		
609	174848	S Randolph Powell	Mileage	03/19/04	13935					12.00
610	174848	S Randolph Powell	Mtg exp - NRECA ann'l mtg	03/19/04	13935			1,488.75		
612	174852	William Reid	Mtg fee - bd	03/19/04	13939		200.00			
614	174852	William Reid	Mileage	03/19/04	13939					31.88
616	174916	Dr H M Smith	Mtg fee - bd	03/19/04	13952		200.00			
618	174916	Dr H M Smith	Mileage	03/19/04	13952					15.75
620	174851	George Warren	Mtg fee - bd	03/19/04	13975		200.00			
622	174851	George Warren	Mileage	03/19/04	13975					25.50
627	174917	Sandra Wood	Mtg fee - bd	03/19/04	13981		200.00			
628	174917	Sandra Wood	Mileage	03/19/04	13981					37.50
630	175630	Glenn E Cox	Mtg fee - bd	03/26/04	14044		200.00			
635	175630	Glenn E Cox	Mileage	03/26/04	14044					90.00
637	175563	Rural Coop Credit Union - VISA	Bd mtg supplies	03/26/04	14187					20.06
643	175886	National Rural Electric Coop	Subscription - Nat'l Directors Survey	04/02/04	14349					75.00
646							\$ -	\$ 2,200.00	\$ -	\$ 521.82
647										
648	177181	National Rural Electric Coop	Director's conf/wkshp - C Mitchell	05/11/04	15687					1,100.00
649	177251	Rural Coop Credit Union - VISA	NRECA ann'l mtg - Mitchell	05/07/04	15072			491.60		
650	176291	Glenn E Cox	Mtg fee - bd	04/16/04	14610		200.00			
651	176291	Glenn E Cox	Mtg exp - KAEC bd	04/16/04	14610				172.11	
652	176291	Glenn E Cox	Mileage	04/16/04	14610					90.00
655	176564	Dr Royce E Dawson	Mtg exp - bd	04/16/04	14615					1.00

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ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT

FOR 12 MONTHS ENDED MAY 31, 2004

Line	Control	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Alt Assoc Meetings	KAEC Bd Mtg Exp Cox	Other
656	176564	Dr Royce E Dawson	Mileage	04/16/04	14615					26.25
658	176562	William Denton	Mtg fee - bd	04/16/04	14616		200.00			
659	176562	William Denton	Mileage	04/16/04	14616					10.50
661	176460	Larry Elder	Mtg fee - bd	04/16/04	14619		200.00			
662	176460	Larry Elder	Mileage	04/16/04	14619					21.00
664	176461	James N Grant	Mtg fee - bd	04/16/04	14631		200.00			
665	176461	James N Grant	Mileage	04/16/04	14631					24.38
667	176457	Michael Maloney	Mtg fee - bd	04/16/04	14654		200.00			
668	176457	Michael Maloney	Mileage	04/16/04	14654					41.25
671	176565	Christopher Mitchell	Mtg fee - bd	04/16/04	14666		200.00			
672	176565	Christopher Mitchell	Mtg exp - NRECA ann'l mtg	04/16/04	14666			909.54		
673	176565	Christopher Mitchell	Mileage	04/16/04	14666					23.25
674	176403	National Rural Electric Coop	NRECA ann'l mtg - Powell	04/16/04	14670			475.00		
675	176403	National Rural Electric Coop	NRECA ann'l mtg - Mitchell	04/16/04	14670			475.00		
678	176561	S Randolph Powell	Mtg fee - bd	04/16/04	14683		200.00			
679	176561	S Randolph Powell	Mileage	04/16/04	14683					12.00
681	176458	William Reid	Mtg fee - bd	04/16/04	14689		200.00			
682	176458	William Reid	Mileage	04/16/04	14689					30.00
684	176563	Dr H M Smith	Mtg fee - bd	04/16/04	14699		200.00			
685	176563	Dr H M Smith	Mileage	04/16/04	14699					15.75
687	176459	George Warren	Mtg fee - bd	04/16/04	14715		200.00			
688	176459	George Warren	Mileage	04/16/04	14715					25.50
690	176571	Sandra Wood	Mtg fee - bd	04/16/04	14721		200.00			
691	176571	Sandra Wood	Mileage	04/16/04	14721					37.50
693	176600	AT & T	LD tele conf - CEO search	04/23/04	14733					252.45
698	177157	Postmaster - Henderson	Election ballot postage	04/30/04	15007	800.00				
699	176784	Rural Coop Credit Union - VISA	Bd mtg supplies	04/30/04	15024					16.40
700	176785	Rural Coop Credit Union - VISA	KAEC bd mtg exp - G Cox	04/30/04	15024				104.83	
701	176951	Rural Coop Credit Union - VISA	Mtg exp - election	04/30/04	15024	15.86				
702						\$ 815.86	\$ 2,200.00	\$ 2,351.14	\$ 276.94	\$ 1,727.23
703										
704	178272	S Randolph Powell	Mtg fee - bd	06/18/04	16708		200.00			
705	178272	S Randolph Powell	Mileage	06/18/04	16708					39.75
706	178273	Sandra Wood	Mtg fee - bd	06/18/04	16785		200.00			
707	178273	Sandra Wood	Mileage	06/18/04	16785					24.38
709	178274	Dr Royce E Dawson	Mileage	06/18/04	16600					3.75
710	178275	William Denton	Mtg fee - bd	06/18/04	16604		200.00			
711	178275	William Denton	Mileage	06/18/04	16604					21.00
713	178277	William Reid	Mtg fee - bd	06/18/04	16712		200.00			

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ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT
FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Ait		KAEC Bd		Other
								Assoc Meetings		Mtg Exp	Cox	
714	178278	Christopher Mitchell	Mtg fee - bd	06/18/04	16686		200.00					
715	178278	Christopher Mitchell	Mileage	06/18/04	16686							45.00
717	178279	RC Johnson	Mtg exp - bd	06/18/04	16658							1.00
718	178279	RC Johnson	Mileage	06/18/04	16658							18.75
719	178280	Dr H M Smith	Mtg fee - bd	06/18/04	16731		200.00					
721	178280	Dr H M Smith	Mileage	06/18/04	16731							82.50
722	178281	Larry Elder	Mtg fee - bd	06/18/04	16615		200.00					
723	178281	Larry Elder	Mileage	06/18/04	16615							8.25
724	177618	Christopher Mitchell	Mtg fee - bd	05/14/04	15826		200.00					
725	177618	Christopher Mitchell	Mileage	05/14/04	15826							23.25
728	177508	Smith & Butterfield	envelopes for ballots	05/14/04	15854	272.53						
729	177509	Smith & Butterfield	envelopes for ballots	05/14/04	15854	269.59						
731	177616	Marion Cecil	Mtg exp - bd	05/21/04	15911							1.00
732	177616	Marion Cecil	Mileage	05/21/04	15911							22.50
733	177625	Glenn Cox	Mtg fee - bd	05/21/04	15923		200.00					
735	177704	Glenn Cox	KAEC bd mtg exp - G Cox	05/21/04	15923					169.84		
736	177704	Glenn Cox	Mileage	05/21/04	15923							45.00
738	177617	Dr Royce E Dawson	Mtg exp - bd	05/21/04	15927							1.00
739	177617	Dr Royce E Dawson	Mileage	05/21/04	15927							26.25
740	177610	William Denton	Mtg fee - bd	05/21/04	15930		200.00					
741	177610	William Denton	Mileage	05/21/04	15930							9.00
743	177619	Larry Elder	Mtg fee - bd	05/21/04	15939		200.00					
744	177619	Larry Elder	Mileage	05/21/04	15939							21.00
747	177705	James N Grant	Mtg fee - bd	05/21/04	15951		200.00					
749	177705	James N Grant	Mtg exp - bd	05/21/04	15951							1.00
750	177705	James N Grant	Mileage	05/21/04	15951							75.38
752	177615	RC Johnson	Mtg exp - bd	05/21/04	15968							1.00
753	177615	RC Johnson	Mileage	05/21/04	15968							27.75
754	177609	Michael Maloney	Mtg fee - bd	05/21/04	15986		200.00					
755	177609	Michael Maloney	Mtg exp - bd	05/21/04	15986							1.00
756	177609	Michael Maloney	Mileage	05/21/04	15986							45.00
759	177612	S Randolph Powell	Mtg fee - bd	05/21/04	16001		200.00					
760	177612	S Randolph Powell	Mileage	05/21/04	16001							12.00
762	177613	William Reid	Mtg fee - bd	05/21/04	16006		200.00					
763	177613	William Reid	Mileage	05/21/04	16006							31.88
765	177611	Dr H M Smith	Mtg fee - bd	05/21/04	16016		200.00					
767	177611	Dr H M Smith	Mtg exp - NRECA Legis Conf	05/21/04	16016							650.34
768	177611	Dr H M Smith	Mileage	05/21/04	16016							15.75
770	177614	George Warren	Mtg fee - bd	05/21/04	16031		200.00					
771	177614	George Warren	Mileage	05/21/04	16031							25.88

KENERGY

CASE NO. 2004-00446

ACCOUNT 184.931 - BOARD OF DIRECTORS - CLEARING ACCOUNT

FOR 12 MONTHS ENDED MAY 31, 2004

Line No.	Control Number	Vendor Name	Description	Date Paid	Check #	Board Election	Director Bd fees	Del/Ait Assoc Meetings	KAEC Bd		Other
									Mtg Exp	Cox	
773	177608	Sandra Wood	Mtg fee - bd	05/21/04	16040		200.00				
774	177608	Sandra Wood	Mileage	05/21/04	16040						37.50
776	178171	Postmaster - Henderson	Election ballot postage	05/28/04	16176	50.00					
777	177966	Rural Coop Credit Union - VISA	KAEC bd mtg exp - G Cox	05/28/04	16191					104.83	18.54
778	177985	Rural Coop Credit Union - VISA	Bd mtg supplies	05/28/04	16191					274.67	1,336.40
779						\$ 592.12	\$ 3,600.00	\$ -	\$ -	\$ 274.67	\$ 1,336.40
780						\$ 1,581.80	\$ 27,400.00	\$ 7,227.90	\$ 1,365.03	\$ 15,036.54	
781											

**KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005**

CASE NO. 2004-00446

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Item 22) Refer to Staff First Request, Item 31, pages 49 through 51 of 57. With the exception of Kentucky Living Magazine expenses and Chamber of Commerce dues, for each transaction listed in Account No. 184.930 – Public Relations Clearing Account, provide the following information. If Kenergy has removed the transaction for rate-making purposes, only note that the transaction has been removed.

- a) Describe the nature of the transaction.
- b) Provide the amount of each transaction that was included for rate-making purposes.
- c) Explain why it should be included for rate-making purposes.

Response) a) Item 22, pages 2 – 4 of 4, contain the above referenced information.

b) All of the items listed were included for rate-making purposes.

c) These expenses are reasonable and further the legitimate purposes of the cooperative, thereby benefiting the members. Kenergy submits that such expenses should be allowed for rate-making purposes. Authority for this is found in 64AmJur2d, Public Utilities, Section 118 et seq., which recognizes that expenses should be allowed for rate-making purposes if they benefit the members and are reasonable. Kenergy also points out that expenses for these transactions were allowed in Kenergy's last rate case, No. 2003-00165.

Witnesses) a) Doug Hoyt

b) Steve Thompson

c) Mark Bailey

KENERGY										
CASE NO. 2004-00446										
ACCOUNT 184.930 - PUBLIC RELATIONS - CLEARING ACCOUNT										
FOR 12 MONTHS ENDED MAY 31, 2004										
Control Number	Vendor Name	Nature of the Transaction	Date Paid	Check #	Dollar Amount	KY Living	Youth Tour	Dues & Memberships	Misc	
38	KY Association of Electric Cooperatives	June KY Living Magazine	07/11/03	6189	\$ 21,609.03	21,609.03				
46	Hancock Co. Chamber of Commerce	Chamber of Commerce Annual Membership Meeting	06/20/03	5567	\$ 25.00				25.00	
162235	Henderson Co. Chamber of Commerce	Annual Dues	06/20/03	5570	\$ 1,200.00			1,200.00		
162239	Henderson Co. Chamber of Commerce	Chamber of Commerce Annual Membership Meeting - Meeting Sponsorship	06/20/03	5570	\$ 500.00				500.00	
162243	Henderson Co. Chamber of Commerce	Chamber of Commerce Annual Membership Meeting	06/20/03	5570	\$ 216.00				216.00	
162244	Henderson Co. Chamber - Golf Scramble	Participation in civic/public organizations functions	06/20/03	5570	\$ 125.00				125.00	
162245	Henderson Co. Chamber - Golf Scramble	Participation in civic/public organizations functions	06/20/03	5570	\$ 360.00				360.00	
162062	Reid's Orchard	Booth rental expenses for 2003 Apple Festival Kenergy maintains a booth to support our local communities	06/20/03	5619	\$ 35.00				35.00	
162707	Daviess Co. Chamber - Golf Scramble	Participation in civic/public organizations functions	06/27/03	5707	\$ 500.00				500.00	
162518	Henderson County Lion Club	Annual dues for local civic organization - Lions Club	06/27/03	5772	\$ 60.00			60.00		
162567	Owensboro Country Club	Promotional items purchased to giveaway at local community events	06/27/03	5851	\$ 337.08				337.08	
162758	Daviess Co. Chamber of Commerce	Chamber of Commerce breakfast meeting	07/03/03	5981	\$ 8.00				8.00	
162771	Trophy House	Promotional items purchased to give away at local community events	07/03/03	6088	\$ 703.52				703.52	
					\$ 25,678.63	Jun	\$ 21,609.03	\$ -	\$ 1,260.00	\$ 2,809.60
164155	KY Association of Electric Cooperatives	July KY Living Magazine	08/15/03	7201	\$ 17,892.21	17,892.21				
163133	Industry Inc.	Annual fees for the MidAmerica Air Park - a local industrial park in which Kenergy owns substation property	07/11/03	6183	\$ 8.55			8.55		
163453	Morganfield Lions Club	Booth rental expenses for 2003 Corn Festival Kenergy maintains a booth to support our local communities	07/18/03	6364	\$ 30.00				30.00	
163453	Morganfield Lions Club	Kenergy sponsored the stage for the 2003 Corn Festival Kenergy maintains a booth to support our local communities	07/18/03	6364	\$ 350.00				350.00	
164309	Daviess Co. Chamber of Commerce	Chamber of Commerce breakfast meeting	08/01/03	6845	\$ 24.00				24.00	
					\$ 18,304.76	Jul	\$ 17,892.21	\$ -	\$ 8.55	\$ 404.00
165247	KY Association of Electric Cooperatives	August KY Living magazine	09/19/03	9126	\$ 18,168.85	18,168.85				
165792	Daviess Co. Chamber of Commerce	Annual Dues	09/05/03	7764	\$ 658.00			658.00		
166000	Daviess Co. Chamber of Commerce	Chamber of Commerce breakfast meeting	09/05/03	7764	\$ 8.00				8.00	
164893	Holiday Design	Kenergy purchased a Christmas display to support the holiday initiative of Daviess Co. Parks - 1st half of expense	08/08/03	7122	\$ 2,390.50				2,390.50	
164758	Campbell Club	OMFA Exec Comm exp - D Stanley	08/15/03	7149	\$ 111.63				111.63	
165455	Henderson County Lion Club	Annual dues for local civic organization - Lions Club	08/29/03	7558	\$ 240.00			240.00		
					\$ 21,576.98	Aug	\$ 18,168.85	\$ -	\$ 898.00	\$ 2,510.13
167750	KY Association of Electric Cooperatives	September KY Living Magazine	10/10/03	9991	\$ 18,359.14	18,359.14				
168205	Audubon Area Home Builders	Homebuilders Monthly Dinner meeting expenses	10/17/03	10078	\$ 24.00				24.00	
168205	Audubon Area Home Builders	Homebuilders meeting sponsorship fee	10/17/03	10078	\$ 300.00				300.00	
168206	Riverpark Center	Purchase tickets to local civic event to support the community	09/05/03	7921	\$ 150.00				150.00	
168207	Homebuilders Association of Owensboro	Contribution	09/11/03	7988	\$ 100.00				100.00	
168208	Audubon Area Home Builders	Annual Dues	09/12/03	8021	\$ 230.00			230.00		
168209	Campbell Club	Meeting expenses for civic organization	09/12/03	8122	\$ 9.07				9.07	
166495	Daviess Co. Chamber of Commerce	Chamber of Commerce breakfast meeting	09/12/03	8147	\$ 59.00				59.00	
166698	Homebuilders Association of Owensboro	Annual Dues	09/12/03	8427	\$ 380.00			380.00		
166517	Owensboro Country Club	Meeting expenses for civic organization	09/12/03	8661	\$ 21.76				21.76	
166493	Riverpark Center	Meeting expenses for civic organization	09/12/03	8744	\$ 87.00				87.00	
167863	Chamber of Commerce	Chamber of Commerce breakfast meeting	09/26/03	9359	\$ 48.00				48.00	
167742	Rural Cooperative Credit Union - VISA	Supplies for the 2003 Corn Festival	09/26/03	9624	\$ 6.36				6.36	
168297	Stephen Thompson, Custodian	Mileage Expense for the 2003 Corn Festival	10/01/03	9732	\$ 32.58				32.58	
168203	Holiday Design	Kenergy purchased a Christmas display to support the holiday initiative of Daviess Co. Parks - 2nd half of expense	10/03/03	9806	\$ 2,954.21				2,954.21	
167499	Preston Farms LLC	Promotional items purchased to giveaway at local community events	10/03/03	9846	\$ 1,413.16				1,413.16	
					\$ 24,174.28	Sep	\$ 18,359.14	\$ -	\$ 610.00	\$ 5,205.14
169279	KY Association of Electric Cooperatives	October KY Living Magazine	11/21/03	10995	\$ 18,210.79	18,210.79				
168575	Campbell Club	Meeting expenses for civic organization	10/10/03	9927	\$ 8.76				8.76	
168687	Magingers	Kenergy purchased a Christmas display to support the holiday initiative of Daviess Co. Parks - expense for sign	10/10/03	10005	\$ 96.00				96.00	
168796	Downtown Owensboro Inc	Annual Dues	10/17/03	10110	\$ 165.00			165.00		
168873	Homebuilders Association of Owensboro	Booth rental expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	10/17/03	10139	\$ 405.00				405.00	
169035	March of Dimes	Participation in civic/public organizations functions - Dinner	10/24/03	10291	\$ 160.00				160.00	
169592	Stephen Thompson, Custodian	Expenses for the 2003 Apple Festival Kenergy maintains a booth to support our local communities	10/30/03	10362	\$ 8.45				8.45	
169519	Green River Area Development	Participation in civic/public org functions - Annual Dinner	10/31/03	10435	\$ 120.00				120.00	
169273	Beverly Hooper	Reimbursement for mileage to participate in civic events	10/31/03	10449	\$ 26.52				26.52	
169564	Rural Cooperative Credit Union - VISA	Expenses for the 2003 Corn Festival Kenergy maintains a booth to support our local communities	10/31/03	10534	\$ 91.50				91.50	
169564	Rural Cooperative Credit Union - VISA	Tickets - Riverpark Center Special Event	10/31/03	10534	\$ 75.00				75.00	
					\$ 19,367.02	Oct	\$ 18,210.79	\$ -	\$ 165.00	\$ 991.23
170950	Crittenden County Lions Club	Annual dues for local civic organization - Lions Club	12/05/03	11491	\$ 100.00				100.00	
170951	Crittenden County Lions Club	Annual dues for local civic organization - Lions Club	12/05/03	11491	\$ 100.00				100.00	
169850	Farm Plan	Expenses for the 2003 Apple Festival Kenergy maintains a booth to support our local communities	11/07/03	10647	\$ 30.73				30.73	
170095	Henderson County Lions Club	Annual dues for local civic organization - Lions Club	11/21/03	10981	\$ 60.00			60.00		
170398	Kentucky Council of	Dues for the Kentucky Council of Cooperatives	11/21/03	10996	\$ 200.00			200.00		
170844	Chamber of Commerce	Chamber of Commerce breakfast meeting	11/26/03	11142	\$ 8.00				8.00	
170845	Chamber of Commerce	Chamber of Commerce breakfast meeting	11/26/03	11142	\$ 8.00				8.00	
					\$ 506.73	Nov	\$ -	\$ -	\$ 460.00	\$ 46.73
171190	KY Association of Electric Cooperatives	December KY Living Magazine	01/23/04	12647	\$ 18,364.80	18,364.80				
171190	Henderson Co. Chamber of Commerce	Annual Dues in Regional Training Consortium	12/12/03	11714	\$ 700.00				700.00	
171190	Prudent Publishing	Purchase Christmas cards to send to customers	12/12/03	11770	\$ 615.20				615.20	
171190	KY Association of Electric Cooperatives	November KY Living Magazine	12/19/03	11910	\$ 18,327.66	18,327.66				
171489	Preston Farms LLC	Promotional items purchased to giveaway at local community events	12/19/03	11941	\$ 1,430.61				1,430.61	
171982	Chamber of Commerce	Incorrect Charge - credited back in the next item	12/23/03	12001	\$ 705.00				705.00	

KENERGY										
CASE NO. 2004-00446										
ACCOUNT 184.930 - PUBLIC RELATIONS - CLEARING ACCOUNT										
FOR 12 MONTHS ENDED MAY 31, 2004										
Control Number	Vendor Name	Nature of the Transaction	Date Paid	Check #	Dollar Amount		KY Living	Youth Tour	Dues & Memberships	Misc
4	Chamber of Commerce		12/23/03	12001	\$ (705.00)				(705.00)	
7	Henderson Co. Chamber of Commerce	Sponsorship of Legislative breakfast meeting where state legislators meet with the public during the sessions of the Kentucky General Assembly	12/23/03	12028	\$ 300.00					300.00
171971	Rural Cooperative Credit Union - VISA	Economic Development meeting expenses	12/23/03	12075	\$ 38.00					38.00
171971	Rural Cooperative Credit Union - VISA	Economic Development meeting expenses	12/23/03	12075	\$ 206.65					206.65
171971	Rural Cooperative Credit Union - VISA	Meeting expenses for the Henderson area Industry Appreciation luncheon	12/23/03	12075	\$ 48.00					48.00
172015	Chamber of Commerce	Annual Dues	12/23/03	12105	\$ 705.00				705.00	
172023	Chamber of Commerce	Chamber of Commerce breakfast meeting	01/02/04	12133	\$ 24.00					24.00
172024	Chamber of Commerce	Chamber of Commerce breakfast meeting	01/02/04	12133	\$ 16.00					16.00
					\$ 40,775.92	Dec	\$ 36,692.46	\$ -	\$ 705.00	\$ 3,378.46
173425	Briarpatch Restaurant	Meeting expenses for civic organization	02/06/04	12910	\$ 20.88					20.88
173432	Stephen Thompson, Custodian	Meeting expenses for civic organization	02/06/04	13030	\$ 5.00					5.00
173474	Trophy House	Promotional items purchased to giveaway at local community events	02/13/04	13171	\$ 432.17					432.17
173497	Owensboro Museum of Fine Art	Meeting expenses for civic organization	02/06/04	12993	\$ 10.44					10.44
173500	Chamber of Commerce	Meeting expenses for civic organization	02/06/04	12916	\$ 35.00					35.00
173501	Henderson Co. Chamber of Commerce	Participation in civic/public organizations functions	02/06/04	12960	\$ 250.00					250.00
172538	National Pen	Promotional items purchased to giveaway at local community events	01/09/04	12412	\$ 604.47					604.47
172539	National Pen	Promotional items purchased to giveaway at local community events	01/09/04	12412	\$ 445.32					445.32
172613	Equifax Information Svc	Credit bureau reporting service used for customers applying for Energy Resource Conservation loans	01/16/04	12479	\$ 132.50					132.50
172894	Hancock Co. Chamber of Commerce	Annual Dues	01/23/04	12634	\$ 200.00				200.00	
173375	Grain Day Fund	Booth rental expenses for 2003 Corn Festival	01/30/04	12769	\$ 275.00					275.00
		Kenergy maintains a booth to support our local communities			\$ 2,410.78	Jan	\$ -	\$ -	\$ 200.00	\$ 2,210.78
174516	Henderson Co. Chamber of Commerce	Chamber of Commerce breakfast meeting	03/05/04	13576	\$ 40.00					40.00
174595	KY Association of Electric Cooperatives	February KY Living Magazine	03/19/04	13899	\$ 18,468.78		18,468.78			
173667	Chamber of Commerce	Chamber of Commerce breakfast meeting	02/13/04	13086	\$ 34.00					34.00
173659	McLean Co. Chamber of Commerce	Annual Dues	02/13/04	13136	\$ 50.00				50.00	
174120	Chamber of Commerce	Chamber of Commerce breakfast meeting	02/20/04	13217	\$ 8.00					8.00
173972	Equifax Information Svc	Credit bureau reporting service used for customers applying for Energy Resource Conservation loans	02/20/04	13239	\$ 138.24					138.24
174111	Sturgis Chamber of Commerce	Annual Dues	02/20/04	13315	\$ 100.00				100.00	
174362	Henderson Co. Chamber of Commerce	Annual Dues	02/27/04	13409	\$ 1,200.00				1,200.00	
174227	Henderson County Lions Club	Annual dues for local civic organization - Lions Club	02/27/04	13410	\$ 60.00				60.00	
173685	KY Association of Electric Cooperatives	January KY Living Magazine	02/27/04	13423	\$ 18,431.08		18,431.08			
174199	Rural Cooperative Credit Union - VISA	Meeting expenses for civic organization	02/27/04	13466	\$ 62.41					62.41
9	Rural Cooperative Credit Union - VISA	Meeting expenses for civic organization	02/27/04	13466	\$ 5.51					5.51
					\$ 38,598.02	Feb	\$ 36,899.86	\$ -	\$ 1,410.00	\$ 288.16
175919	KY Association of Electric Cooperatives	March KY Living Magazine	04/16/04	14648	\$ 18,486.49		18,486.49			
176136	Briarpatch Restaurant	Meeting expenses for civic organization	04/09/04	14430	\$ 27.84					27.84
174837	Willis Howard	Expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	03/12/04	13739	\$ 20.36					20.36
174912	Doug Hoyt	Mileage expenses for involvement in community organizations	03/12/04	13740	\$ 17.25					17.25
174912	Doug Hoyt	Expenses to attend the NRECA annual meeting	03/12/04	13740	\$ 39.00					39.00
174949	Doug Hoyt	Kenergy was asked to meet with representatives of several cooperatives in Costa Rica to share information about deployment of broadband service and other technologies	03/12/04	13740	\$ 7.62					7.62
175121	Allshops Hardware	Expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	03/19/04	13830	\$ 5.71					5.71
175126	Davis Distributors	Expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	03/19/04	13865	\$ 43.80					43.80
174997	Marty Littrell	Expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	03/19/04	13911	\$ 30.00					30.00
175071	National Rural Electric	Expenses to attend the NRECA sponsored New and Emerging Technologies Conference	03/19/04	13920	\$ 340.00					340.00
175246	Chamber of Commerce	Meeting expenses for civic organization	03/26/04	14034	\$ 18.00					18.00
175632	Chamber of Commerce	Chamber of Commerce breakfast meeting	03/26/04	14034	\$ 34.00					34.00
175256	Owensboro Museum of Fine Art	Meeting expenses for civic organization	03/26/04	14156	\$ 7.22					7.22
175561	Rural Cooperative Credit Union - VISA	Expenses for the 2004 Agriculture Expo. Kenergy maintains a booth to support our homebuilders	03/26/04	14187	\$ 50.00					50.00
175594	Rural Cooperative Credit Union - VISA	Kenergy was asked to meet with representatives of several cooperatives in Costa Rica to share information about deployment of broadband service and other technologies	03/26/04	14187	\$ 253.97					253.97
175594	Rural Cooperative Credit Union - VISA	Expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	03/26/04	14187	\$ 190.80					190.80
175623	Rural Cooperative Credit Union - VISA	Expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	03/26/04	14188	\$ 209.10					209.10
					\$ 19,781.16	Mar	\$ 18,486.49	\$ -	\$ -	\$ 1,294.67
177167	Stephen Thompson, Custodian	Kenergy sponsored a Customer Appreciation Day inviting all customers to visit their local Kenergy office. These are expenses associated with that event	05/11/04	15722	\$ 7.42					7.42
177167	Stephen Thompson, Custodian	Expenses associated with Kenergy's participation in the Frankfort and Washington Youth Tour Program	05/11/04	15722	\$ 81.62			81.62		
177168	KY Association of Electric Cooperatives	April KY Living Magazine	05/21/04	15971	\$ 18,500.12		18,500.12			
177244	Briarpatch Restaurant	Meeting expenses for civic organization	05/21/04	15903	\$ 13.92					13.92
177251	Rural Cooperative Credit Union - VISA	Expenses associated with Kenergy's participation in the Frankfort and Washington Youth Tour Program	05/07/04	15072	\$ 869.91			869.91		
177251	Shell Oil Co	Expenses for the 2003 Homebuilders show. Kenergy maintains a booth to support our homebuilders	04/09/04	14532	\$ 15.00					15.00
177251	Campbell Club	Meeting expenses associated with a meeting of Kenergy's pension committee	04/16/04	14600	\$ 181.21					181.21
176762	Chamber of Commerce	Chamber of Commerce breakfast meeting	04/23/04	14748	\$ 32.00					32.00
176637	Henderson Co. Chamber of Commerce	Chamber of Commerce breakfast meeting	04/23/04	14775	\$ 30.00					30.00
176680	National Rural Electric	Expenses associated with Kenergy's participation in the Frankfort and Washington Youth Tour Program	04/23/04	14808	\$ 47.90			47.90		

KENERGY										
CASE NO. 2004-00446										
ACCOUNT 184.930 - PUBLIC RELATIONS - CLEARING ACCOUNT										
FOR 12 MONTHS ENDED MAY 31, 2004										
Control Number	Vendor Name	Nature of the Transaction	Date Paid	Check #	Dollar Amount	KY Living	Youth Tour	Dues & Memberships	Misc	
12	Hancock Co. Chamber of Commerce	Chamber of Commerce breakfast meeting	04/30/04	14931	\$ 76.05				76.05	
30	Doug Hoyt	Expenses for the 2003 Homebuilders show.	04/30/04	14946	\$ 6.00				6.00	
		Kenergy maintains a booth to support our homebuilders								
177151	Union County EDC	Meeting expenses for civic organization	04/30/04	15051	\$ 60.00				60.00	
					\$ 19,921.15	Apr	\$ 18,500.12	\$ 999.43	\$ -	\$ 421.60
178004	KY Association of Electric Cooperatives	May KY Living Magazine	06/10/04	16442	\$ 21,851.68	21,851.68				
177474	National Pen	Kenergy sponsored a Customer Appreciation Day inviting all customers to visit their local Kenergy office. These are expenses associated with that event	05/11/04	15686	\$ 610.99				610.99	
177648	Morganfield Chamber of Commerce	Sponsorship of a golf scramble sponsored by the Chamber of Commerce	05/14/04	15833	\$ 100.00				100.00	
177920	Channing Bete Co	Handouts given to students during electrical safety demonstrations	05/21/04	15912	\$ 748.57				748.57	
177891	Henderson Co Chamber of Commerce	Sponsorship of a golf scramble sponsored by the Chamber of Commerce	05/21/04	15960	\$ 125.00				125.00	
177983	Chamber of Commerce	Chamber of Commerce breakfast meeting	05/28/04	16085	\$ 27.00				27.00	
177494	Greenwell-Chisholm Printing	Kenergy sponsored a Customer Appreciation Day inviting all customers to visit their local Kenergy office. These are expenses associated with that event	05/28/04	16112	\$ 742.00				742.00	
177495	Greenwell-Chisholm Printing	Kenergy sponsored a Customer Appreciation Day inviting all customers to visit their local Kenergy office. These are expenses associated with that event	05/28/04	16112	\$ 31.80				31.80	
177961	Rural Cooperative Credit Union - VISA	Kenergy sponsored a Customer Appreciation Day inviting all customers to visit their local Kenergy office. These are expenses associated with that event	05/28/04	16191	\$ 28.49				28.49	
178128	Rural Cooperative Credit Union - VISA	Kenergy sponsored a Customer Appreciation Day inviting all customers to visit their local Kenergy office. These are expenses associated with that event	05/28/04	16191	\$ 98.20				98.20	
178362	Stephen Thompson, Custodian	Kenergy opened a new service center in Hartford in 2004. These are expenses associated with the ribbon cutting.	06/02/04	16234	\$ 170.64				170.64	
JE	The Messenger	Newspaper advertisement associated with Kenergy's Annual Meeting	05/31/04		\$ 139.86				139.86	
JE	The Gleaner	Newspaper advertisement associated with Kenergy's Annual Meeting	05/31/04		\$ 228.70				228.70	
JE	Henderson Co. Chamber of Commerce	Chamber of Commerce Annual Membership Meeting - Meeting Sponsorship	05/31/04		\$ 500.00				500.00	
JE	Henderson Co. Chamber of Commerce	Chamber of Commerce Annual Membership Meeting	05/31/04		\$ 432.00				432.00	
JE	Henderson Co. Chamber of Commerce	Sponsorship of and participation in a golf scramble sponsored by the Chamber of Commerce	05/31/04		\$ 360.00				360.00	
JE	Briarpatch	Meeting expenses for civic organization	05/31/04		\$ 20.88				20.88	
					\$ 26,215.81	May	\$ 21,851.68	\$ -	\$ -	\$ 4,364.13
					\$ 257,311.24		\$ 226,670.63	\$ 999.43	\$ 5,716.55	\$ 23,924.63

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005

CASE NO. 2004-00446

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Item 23) Refer to Staff First Request, Item 31, pages 53 and 54 of 57. For each transaction listed in Account No. 184.932 Economic Development Clearing Account, provide the following information. If Kenergy has removed the transaction for rate-making purposes, only note that the transaction has been removed.

- a) Describe the nature of the transaction.
- b) Provide the amount of each transaction that was included for rate-making purposes.
- c) Explain why it should be included for rate-making purposes.

Response) a) Item 23, pages 2 – 7 of 7, contain the above referenced information.
b) All of these amounts were included for rate-making purposes.
c) These expenses are reasonable and further the legitimate purposes of the cooperative, thereby benefiting the members. Kenergy submits that such expenses should be allowed for rate-making purposes. Authority for this is found in 64AmJur2d, Public Utilities, Section 118 et seq., which recognizes that expenses should be allowed for rate-making purposes if they benefit the members and are reasonable. Kenergy also points out that expenses for these transactions were allowed in Kenergy's last rate case, No. 2003-00165.

Witnesses) a) David Hamilton
b) Steve Thompson
c) Mark Bailey

KENERGY						
CASE NO. 2004-00446						
ACCOUNT 184.932 - ECONOMIC DEVELOPMENT - CLEARING ACCOUNT						
FOR 12 MONTHS ENDED MAY 31, 2004						
Control Number	Vendor Name	Description	Date Paid	Check #	Dollar Amount	
161692	Hancock Co. Industrial Foundation	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	06/06/03	5221	\$ 500.00	
					\$ 500.00	June 03
163205	Four Star Industrial Park	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	07/11/04	6161	\$ 500.00	
163203	Henderson County EDC		07/11/04	6174	\$ 1,500.00	
163204	Henderson County EDC	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	07/11/04	6174	\$ 2,500.00	
163037	Kentucky Industrial	Fee to attend Kentucky Industrial Development Council Summer Conference	07/11/04	6190	\$ 100.00	
163036	McLean Co. Industrial Foundation	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	07/11/04	6207	\$ 500.00	
163321	KY Institute for Econ. Development	Kenergy provides up to two tuition only scholarships per year for community leaders to attend the Kentucky Institute for Economic Development or the Economic Development Institute.	07/11/04	6343	\$ 550.00	
164126	Henderson County EDC	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	07/18/03	6590	\$ 1,750.00	
163488	Doug Hoyt	Mileage to attend GRADD EDC meeting in Owensboro	07/25/03	6601	\$ 10.80	
164249	Doug Hoyt	Void Check	07/25/03	6601	\$ (10.80)	
163587	Industry Inc	Kenergy offers dollar for dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	07/25/03	6606	\$ 2,112.50	

KENERGY						
CASE NO. 2004-00446						
ACCOUNT 184.932 - ECONOMIC DEVELOPMENT - CLEARING ACCOUNT						
FOR 12 MONTHS ENDED MAY 31, 2004						
Control Number	Vendor Name	Description	Date Paid	Check #	Dollar Amount	
164125	Ohio Co Industrial Foundation	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	07/25/03	6685	\$ 500.00	
164139	Rural Coop Credit Union - VISA	Color copies of Industrial Park maps served by Kenergy	07/25/03	6730	\$ 82.42	
164139	Rural Coop Credit Union - VISA	Econ Dev mtg exp - M Littrell	07/25/03	6730	\$ 16.23	
164250	Beverly Hooper	Mileage Expense to attend Union County EDC Annual Dinner	07/25/03	6817	\$ 10.80	
164280	Rural Coop Credit Union - VISA	Sponsored lunch for the Hancock County Industrial Foundation meeting - D Hamilton	08/01/03	6920	\$ 50.19	
					\$ 10,172.14	July 03
164882	KY Institute for Econ Development	Kenergy sponsored a breakfast for the annual Kentucky Institute for Economic Development training session in Lexington.	08/15/03	7202	\$ 300.00	
164971	Western Kentucky Industrial	Membership dues to the Western Kentucky Industrial Development Authority in Marion, Kentucky	08/22/03	7427	\$ 100.00	
165231	Rural Coop Credit Union - VISA	Meeting expense for the KIDC Summer Conference	08/29/03	7644	\$ 16.00	
165231	Rural Coop Credit Union - VISA	Meeting expense for the KIDC Summer Conference	08/29/03	7644	\$ 51.70	
165231	Rural Coop Credit Union	Meeting expense for the KIDC Summer Conference	08/29/03	7644	\$ 126.34	
165234	Rural Coop Credit Union - VISA	Meeting expense for the KIDC Summer Conference	08/29/03	7644	\$ 159.53	
					\$ 753.57	Aug 03
166015	Hopkins County Fiscal Court	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	09/05/03	7827	\$ 2,500.00	
166695	Campbell Club	Owensboro-Daviess County Industrial Foundation meeting expense for Dean Stanley	09/12/03	8122	\$ 7.44	
166495	Chamber of Commerce	Tickets to the Owensboro-Daviess County Annual Chamber Dinner	09/12/03	8147	\$ 59.00	
167050	Henderson County EDC	Henderson EDC Annual Dinner tickets	09/12/03	8405	\$ 200.00	
167051	Henderson County EDC	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	09/19/03	9090	\$ 328.47	

KENERGY						
CASE NO. 2004-00446						
ACCOUNT 184.932 - ECONOMIC DEVELOPMENT - CLEARING ACCOUNT						
FOR 12 MONTHS ENDED MAY 31, 2004						
Control Number	Vendor Name	Description	Date Paid	Check #	Dollar Amount	
167584	Rural Coop Credit Union - VISA	Audubon print for Columbia Sportswear Distribution Center in Henderson	09/26/03	9624	\$ 119.41	
167730	Rural Coop Credit Union - VISA	Meeting expense for Hancock Industrial Foundation for David Hamilton	09/26/03	9624	\$ 14.70	
168413	Darlene's Bakery	Refreshments for Tri-County Training Consortium meeting in Henderson.	10/03/03	9773	\$ 32.23	
168312	Henderson County EDC	Sponsored Economic Development breakfast for Columbia Sportswear in Henderson.	10/03/03	9802	\$ 750.00	
					\$ 4,011.25	Sept 03
169663	Madisonville-Hopkins County	Meal expense for Industry Appreciation luncheon in Madisonville	11/07/03	10692	\$ 30.00	
168828	Kentucky Institute For	Refund of tuition payment to Kentucky Institute for Economic Development.	10/17/03	6343	\$ (550.00)	
168637	Hancock Co. Industrial Foundation	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	10/10/03	9969	\$ 2,500.00	
168929	Madisonville-Hopkins County	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	10/17/03	10153	\$ 500.00	
169592	Stephen Thompson, Custodian	Mileage expense to attend GRADD EDC meeting for D Hoyt	10/30/03	10362	\$ 35.28	
					\$ 2,515.28	Oct 03
169841	Doug Hoyt	Mileage expense to attend GRADD EDC meeting for D Hoyt	11/07/03	10668	\$ 5.40	
170077	Darlene's Bakery	Refreshments for Tri-County Training Consortium Meeting in Henderson	11/14/03	10802	\$ 20.30	
169887	Industry Inc	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	11/14/03	10828	\$ 2,500.00	
170074	Kentucky State Data Center	Economic Development training for M Littrell	11/14/03	10837	\$ 35.00	
170732	Henderson Co EDC	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	11/26/03	11219	\$ 690.90	

KENERGY						
CASE NO. 2004-00446						
ACCOUNT 184.932 - ECONOMIC DEVELOPMENT - CLEARING ACCOUNT						
FOR 12 MONTHS ENDED MAY 31, 2004						
Control Number	Vendor Name	Description	Date Paid	Check #	Dollar Amount	
170721	Rural Coop Credit Union - VISA	Economic Development luncheon meeting in Madisonville	11/26/03	11366	\$ 27.33	
					\$ 3,278.93	Nov 03
171669	Hancock County Fiscal Court	Kenergy provides a dollar-for-dollar match to community leaders and economic development professionals that make recruiting visits or attend trade shows to recruit new industrial prospects.	12/19/03	11901	\$ 1,000.00	
171661	Henderson County EDC	Kenergy provides a dollar-for-dollar match to community leaders and economic development professionals that make recruiting visits or attend trade shows to recruit new industrial prospects.	12/19/03	11903	\$ 1,143.88	
171969	Henderson Co EDC	Void Check	12/19/03	11903	\$ (1,143.88)	
562	Madisonville-Hopkins County	Kenergy provides a dollar-for-dollar match to community leaders and economic development professionals that make recruiting visits or attend trade shows to recruit new industrial prospects.	12/19/03	11918	\$ 879.74	
171660	West Kentucky Regional	Kenergy provides a dollar-for-dollar match to community leaders and economic development professionals that make recruiting visits or attend trade shows to recruit new industrial prospects.	12/19/03	11969	\$ 397.99	
171970	Henderson Co EDC	Kenergy provides a dollar-for-dollar match to community leaders and economic development professionals that make recruiting visits or attend trade shows to recruit new industrial prospects.	12/23/03	12029	\$ 171.22	
172169	Kentucky Industrial	Membership dues to Kentucky Industrial Development Council	01/02/04	12171	\$ 125.00	
172228	Stephen Thompson, Custodian	Mileage expense to attend GRADD EDC meeting - D Hoyt	01/06/04	12236	\$ 10.44	
					\$ 2,584.39	Dec 03
173481	Webster County EDC	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	02/06/04	13039	\$ 500.00	
172446	Stephen Thompson, Custodian	Void Check	01/06/04	12236	\$ (10.44)	
172439	National Rural EDA	Annual dues for National Rural Economic Development Association for D Hamilton	01/09/04	12342	\$ 270.00	

KENERGY						
CASE NO. 2004-00446						
ACCOUNT 184.932 - ECONOMIC DEVELOPMENT - CLEARING ACCOUNT						
FOR 12 MONTHS ENDED MAY 31, 2004						
Control Number	Vendor Name	Description	Date Paid	Check #	Dollar Amount	
172447	Stephen Thompson, Custodian	Mileage expense to attend GRADD EDC meeting - D Hoyt	01/09/04	12391	\$ 10.44	
172543	Four Star Industrial Park	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	01/16/04	12484	\$ 500.00	
172542	Henderson County EDC	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	01/16/04	12496	\$ 2,500.00	
172544	McLean Co Industrial Foundation	Kenergy offers dollar-for-dollar matching challenge grants to economic development organizations to help market industrial sites and their communities to industrial prospects.	01/16/04	12523	\$ 500.00	
173234	Kentucky Industrial	Annual sponsorship to Kentucky Industrial Development Council	01/30/04	12790	\$ 2,500.00	
.052	Rural Coop Credit Union - VISA	Expense to attend NRECA NET/C&I Conf - M Littrell	01/30/04	12842	\$ 145.22	
					\$ 6,915.22	Jan 04
173565	Hancock Co. Industrial Foundation	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	02/06/04	12948	\$ 500.00	
173788	Doug Hoyt	Mileage expense to attend GRADD EDC meeting - D Hoyt	02/13/04	13122	\$ 55.50	
174052	Federal Express	Postage for loan documents to USDA Rural Development	02/20/04	13243	\$ 13.69	
174020	Henderson County EDC	Kenergy provides a dollar-for-dollar match to community leaders and economic development professionals that make recruiting visits or attend trade shows to recruit new industrial prospects.	02/20/04	13257	\$ 328.78	
					\$ 897.97	Feb 04
577	Greater Owensboro Economic	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	03/05/04	13565	\$ 2,500.00	

KENERGY						
CASE NO. 2004-00446						
ACCOUNT 184.932 - ECONOMIC DEVELOPMENT - CLEARING ACCOUNT						
FOR 12 MONTHS ENDED MAY 31, 2004						
Control Number	Vendor Name	Description	Date Paid	Check #	Dollar Amount	
174686	Union Co Economic Development	Kenergy maintains alliances with local ED groups and assists them financially with semi-annual contributions to support their programs and initiatives	03/05/04	13660	\$ 500.00	
174911	Rural Coop Credit Union - VISA	NRECA Annual Meeting expense for R Beck	03/12/04	13786	\$ 1,754.54	
174911	Rural Coop Credit Union - VISA	Color copies of industrial park sites for Industrial Park study	03/12/04	13786	\$ 85.41	
					\$ 4,839.95	Mar 04
176886	Rural Coop Credit Union - VISA	Economic Development luncheon meeting.	04/30/04	15024	\$ 36.45	
176886	Rural Coop Credit Union - VISA	Economic Development luncheon meeting.	04/30/04	15024	\$ 35.41	
176938	Rural Coop Credit Union - VISA	Economic Development luncheon meeting.	04/30/04	15024	\$ 14.95	
176938	Rural Coop Credit Union - VISA	Color copies for Industrial Park study	04/30/04	15024	\$ 107.77	
176938	Rural Coop Credit Union - VISA	Annual Subscription to Economic Development Publication called Cyclical Investing	04/30/04	15024	\$ 206.70	
176938	Rural Coop Credit Union - VISA	Economic Development luncheon meeting.	04/30/04	15024	\$ 37.64	
					\$ 438.92	Apr 04
177517	Doug Hoyt	Mileage expense to attend GRADD EDC meeting - D Hoyt	05/14/04	15810	\$ 29.25	
177703	Kentucky Industrial RUCC	Sponsorship for Kentucky Industrial Development Council Annual Golf Outing.	05/21/04	15972	\$ 250.00	
			05/31/04	GL#124	\$ 195.00	
					\$ 474.25	May 04
					\$ 37,381.87	

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
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Item 24) Refer to Staff First Request, Item 31, pages 56 and 57 of 57. For each transaction listed in Account No. 184.940 Other Administrative and General Clearing Account, provide the following information. If Kenergy has removed the transaction for rate-making purposes, only note that the transaction has been removed.

- a) Describe the nature of the transaction.
- b) Provide the amount of each transaction that was included for rate-making purposes.
- c) Explain why it should be included for rate-making purposes.

Response) a) Item 24, pages 2 – 3 of 3, contain the above referenced information.
b) See the notations for items removed on pages 2 – 3 of 3.
c) These expenses are reasonable and further the legitimate purposes of the cooperative, thereby benefiting the members. Kenergy submits that such expenses should be allowed for rate-making purposes. Authority for this is found in 64AmJur2d, Public Utilities, Section 118 et seq., which recognizes that expenses should be allowed for rate-making purposes if they benefit the members and are reasonable. Kenergy also points out that expenses for these transactions were allowed in Kenergy's last rate case, No. 2003-00165.

Witnesses) a) Joanne Masters
b) Steve Thompson
c) Mark Bailey

Control Number	Vendor Name	Nature of Transaction (a)	Dollar Amount (b)	Explanation of rate-making purpose (c)
161702	Evansville Courier	Advertising - Annual Meeting	\$ 234.32	Please see response to Item 24 (c)
161701	Messenger & Inquirer	Advertising - Annual Meeting	\$ 432.25	Please see response to Item 24 (c)
161750	Herald Ledger	Advertising - Annual Meeting	\$ 102.70	Please see response to Item 24 (c)
161939	The Messenger	Advertising - Annual Meeting	\$ 258.96	Please see response to Item 24 (c)
161688	Moonlite Bar-B-Q	Ham - Dickens family	\$ 49.07	Removed
161751	Times Leader	Advertising - Annual Meeting	\$ 58.50	Please see response to Item 24 (c)
162307	Hattie Carr	Annual Meeting Services	\$ 60.00	Please see response to Item 24 (c) - custodial services
162308	Helm Productions	Annual Meeting Services	\$ 60.00	Please see response to Item 24 (c) - facility's stage crew
162305	Henderson Fine Arts Center	Annual Meeting Services	\$ 887.00	Please see response to Item 24 (c) - facility rental
162306	Ed Mason	Annual Meeting Services	\$ 60.00	Please see response to Item 24 (c) - custodial services
162721	Coop Balloon Assoc LLC	Annual Meeting Services	\$ 225.00	Please see response to Item 24 (c)
162569	Jim David Meats	Annual Meeting Expenses - Food	\$ 4,250.00	Please see response to Item 24 (c)
162720	Mid-America Powered	Annual Meeting Expenses - Transportation	\$ 194.60	Please see response to Item 24 (c)
162538	Rural Coop Credit Union - VISA	Ann Meeting Expenses - Door Prizes	\$ 1,402.06	Please see response to Item 24 (c)
162540	Rural Coop Credit Union - VISA	Annual Meeting Workers Lunch	\$ 93.00	Please see response to Item 24 (c)
162547	Rural Coop Credit Union - VISA	Baby Gift - Crabtree	\$ 40.17	Removed
162536	Wal-Mart	Scholarship Expenses	\$ 2.33	Removed
162773	Crittenden Press	Advertising - Annual Meeting	\$ 55.25	Please see response to Item 24 (c)
162060	Leisure Hut Etc	Employee Clothing - Annual Meeting	\$ 28.62	Please see response to Item 24 (c)
162893	Messenger & Inquirer	Advertising - Annual Meeting	\$ 531.05	Please see response to Item 24 (c)
162933	The Messenger	Advertising - Annual Meeting	\$ 388.44	Please see response to Item 24 (c)
			\$ 9,413.32	June 03
163115	Stephen Thompson, Custodian	Annual Meeting Expenses	\$ 4.12	Please see response to Item 24 (c)
163115	Stephen Thompson, Custodian	Washington Youth Tour Expenses	\$ 40.00	Removed
163234	A Day to Remember	Annual Meeting Expenses	\$ 148.40	Please see response to Item 24 (c)
163035	Evansville Courier	Advertising - Annual Meeting	\$ 368.22	Please see response to Item 24 (c)
163034	Herald Ledger	Advertising - Annual Meeting	\$ 51.35	Please see response to Item 24 (c)
163020	Times Leader	Advertising - Annual Meeting	\$ 117.00	Please see response to Item 24 (c)
163192	Big Rivers Electric Corp	Capital Credit Checks	\$ 17,597.36	Printing & mailing of Capital Credits general refund
164139	Rural Coop Credit Union - VISA	Washington Youth Tour Expenses	\$ 30.89	Removed
163070	Moonlite Bar-B-Q	Ham - Howard family	\$ 44.86	Removed
			\$ 18,402.20	July 03
165819	University of Kentucky	Scholarship	\$ 1,000.00	Removed
164761	Owensboro Country Club	Annual Meeting Employee Recognition Exp.	\$ 2,032.54	Please see response to Item 24 (c)
165067	Bradley Book Company	Scholarship	\$ 375.60	Removed
164975	Murray State University	Scholarship	\$ 524.00	Removed
164976	Owensboro Community College	Scholarship	\$ 448.00	Removed
164978	Western KY University	Scholarship	\$ 1,000.00	Removed
164979	Western KY University	Scholarship	\$ 1,000.00	Removed
164980	Western KY University	Scholarship	\$ 1,000.00	Removed

CASE NO. 2004-00446
 ACCOUNT 184.940 - OTHER A&G - CLEARING ACCOUNT
 FOR 12 MONTHS ENDED MAY 31, 2004

Control Number	Vendor Name	Nature of Transaction (a)	Dollar Amount (b)	Explanation of rate-making purpose (c)
165100	Kentucky Assoc of Elec Coops	Washington Youth Tour	\$ 5,020.00	Removed
165102	Kentucky Assoc of Elec Coops	Annual Meeting Expenses	\$ 5,762.26	See response to Item 24 (c) - entertainment/buckets & bulbs
164977	University of Louisville	Scholarship	\$ 1,000.00	Removed
			\$19,162.40	Aug 03
166019	Kentucky Wesleyan College	Tickets	\$ 642.00	Removed
168418	Campbellsville University	Scholarship	\$ 1,000.00	Removed
168417	Madisonville Community	Scholarship	\$ 356.50	Removed
168197	Madisonville Community College	Scholarship	\$ 643.50	Removed
168419	Owensboro Community College	Scholarship	\$ 208.50	Removed
			\$ 2,860.50	Sept 03
170926	Rural Coop Credit Union - VISA	Gift - BREC CEO	\$ 53.12	Removed
170079	Riverpark Center	Deposit - Annual Meeting 2004	\$ 675.00	Please see response to Item 24 (c) - meeting facility
			\$ 728.12	Nov 03
171124	Rural Coop Credit Union - VISA	Gift - BREC CEO	\$ 88.95	Removed
171363	J's	Gifts	\$ 622.88	Removed
171346	Campbell Club	Gifts	\$ 15.00	Removed
			\$ 726.83	Dec 03
173436	Rural Coop Credit Union - VISA	Gifts	\$ 157.59	Removed
172708	Owensboro Community College	Scholarship	\$ 343.50	Removed
172815	Kentucky State Treasurer	Ann RECC/RTCC Assess	\$ 10.00	KRS 279.200 provides for annual assessment of cooperatives
173059	Rural Coop Credit Union - VISA	Gifts	\$ 212.03	Removed
173235	Rural Coop Credit Union - VISA	Gifts	\$ 4,145.00	Removed
			\$ 4,868.12	Jan 04
175134	Owensboro Parks & Recreation	Bus. golf league registr	\$ 100.00	Removed
175689	GRADD Golf Scramble	GRADD Golf Scramble	\$ 600.00	Removed
			\$ 700.00	Mar 04
177014	American Business Forms	Capital Credit Checks	\$ 191.48	Required to refund Capital Credits to estates of deceased
			\$ 191.48	Apr 04
178351	Commercial Printing	Kenergy Annual Report	\$ 4,813.40	Cost of printing report
178353	Crittenden Press	Annual Meeting Advertising	\$ 57.38	Please see response to Item 24 (c)
			\$ 4,870.78	May 04
			\$61,913.75	

**KENERGY CORP.
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Item 25) Refer to Staff First Request, Item 35, page 2 of 12. Describe the nature and purpose of the Employee Survey. How frequently does Kenergy perform an Employee Survey?

Response) The nature and purpose of the Employee Survey is for the cooperative to identify any problems or obstacles that may undermine satisfaction and affect employee performance in their jobs and serving the membership. The survey is conducted every two years. Per Exhibit 5, page 17 of the application, one-half of the cost was excluded for rate-making purposes.

Witness) Keith Ellis

**KENERGY CORP.
RESPONSE TO THE COMMISSION'S
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Item 26) Refer to Staff First Request, Item 35, pages 3 through 5 of 12. For each transaction listed in Other Legal, provide the following information. If Kenergy has removed the transaction for rate-making purposes, only note that the transaction has been removed.

- a) Describe the nature of the transaction.
- b) Provide the amount of each transaction that was included for rate-making purposes.
- c) Explain why it should be included for rate-making purposes.

Response) a) Pages 3 and 4 of 12 list expenses under Other Legal totaling \$48,271.53. These expenses were paid for a wide range of legal services including research, drafting documents, reviewing and approving documents, advising management and staff on legal issues, coordinating matters with respect to power contracts, orienting new board members, and advising the board of directors and attending board meetings. Page 5 of 12 lists certain legal expenses. Those incurred by Dorsey, King, Gray & Norment were for services as stated above. Those for other vendors were excluded for rate-making purposes.

b) All legal expenses shown on pages 3 and 4 of 12 in column "Other Legal" are included for rate-making purposes. All expenses shown on page 5 of 12 were excluded for rate-making purposes, except the \$1,440.00 incurred for services related to load forecasting.

- c) These expenses are reasonable and further the legitimate purposes of the

**KENERGY CORP.
RESPONSE TO THE COMMISSION'S
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CASE NO. 2004-00446

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cooperative, thereby benefiting the members. Kenergy submits that such expenses should be allowed for rate-making purposes. Authority for this is found in 64AmJur2d, Public Utilities, Section 118 et seq., which recognizes that expenses should be allowed for rate-making purposes if they benefit the members and are reasonable. Kenergy also points out that expenses for these transactions were allowed in Kenergy's last rate case, No. 2003-00165.

Witnesses) a & c) Mark Bailey
b) Steve Thompson

**KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005**

CASE NO. 2004-00446

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Item 27) Refer to Staff First Request, Item 36. Has the estimated total for staff labor and overheads been included in Kenergy's labor expense?

Response) Yes.

Witness) Steve Thompson

**KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION OF JANUARY 21, 2005**

CASE NO. 2004-00446

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Item 28) Refer to Staff First Request, Item 39. Identify the case in which the depreciation rates currently being used were approved.

Response) I am not aware of a case where the depreciation rates being used were specifically approved by the PSC based on a depreciation study being filed. Subsequent to the consolidation on July 1, 1999, Kenergy decided to use the rate of 3.10% being utilized by Henderson-Union for most of the distribution plant accounts. The Green River rate was 3.12% at that time.

Witness) Steve Thompson

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Item 29) Refer to Staff First Request, Item 48.

a) Provide a schedule of all non-regulated activity that is reflected in Kenergy's financial statements as of May 31, 2004 and as of December 31, 2004. Include the following information:

1. Description of services or products provided.
2. Name of partners or associates.
3. Financial risks Kenergy is exposed to as a result of each activity.
4. Revenues and costs incurred during the test year for each activity.

Response) 1) Geothermal Systems

Kenergy is a wholesale distributor of geothermal systems for Climate Master, selling directly to contractors. Installation of geothermal systems is a demand side management technique used on the system.

Amusement Park Tickets

Kenergy sells discounted amusement park tickets to customers for five parks: Holiday World, Six Flags, KY Kingdom, Six Flags – St. Louis, Kings Island and Venture River Water Park.

Point-To-Point Fiber Services

Kenergy utilizes existing fiber assets that are used for internal communication purposes to provide point-to-point communications services to customers. Currently, Kenergy serves three customers with point-to-point connectivity. For these customers, Kenergy purchases an Internet signal from Owensboro Municipal Utilities at a wholesale rate and resells it to each customer at a retail rate.

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Telephone/Dial-up Internet

Kenergy is a commissioned agent for three long distance telephone companies; TouchTone Communications, PowerNet Global Communications and Cinergy Communications. Additionally, Kenergy is a commissioned agent for the sale of dial-up Internet service for PowerNet Global Communications and Cinergy Communications. As such, Kenergy is responsible for marketing and selling these services. Each of these companies bills the customers and provides customer support for the services offered.

Wireless Internet Service

Kenergy provides high-speed Internet access through the use of fixed wireless equipment. The service was first established as a Pilot Project serving commercial customers in Daviess County. In early 2004, a second pilot project was initiated in eastern Daviess County and in Calhoun in McLean County. Both remain pilot projects today. Currently, there are 2 customers in the 1st pilot project and approximately 40 customers in the 2nd pilot project. The 1st pilot project is being phased out and all customers transferred to another provider with no Kenergy affiliation. This is anticipated to be complete no later than the end of the first quarter of 2005. The second pilot project continues to operate but is not being expanded.

The 2nd pilot project was developed in cooperation with a grant from the Rural Utilities Service Broadband Grant Program. Kenergy also chose to use the expertise of Owensboro Municipal Utilities (OMU); a municipal electric provider who is also the 7th largest wireless Internet service provider in the nation. Under the current arrangement, OMU purchases the consumer equipment,

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2 the customer pays to have it installed and OMU provides the 24/7 technical support. Kenergy
3 installed the backbone system that delivers the service to Calhoun and provides administrative
4 support such as customer sign-up and billing. This business relationship continues today.

5 Home Security

6 Kenergy's home security program was dissolved in July 2004. The remaining accounts were
7 transferred to another provider, Audio Video Xpressions. Prior to dissolution, Kenergy maintained
8 approximately 32 monitored accounts with monitoring provided by Wright Hennepin Cooperative
9 Dispatch Center.

10
11 2) Geothermal Heating and Cooling

12 Climate Master

13
14 Amusement Park Tickets

15 Holiday World

16 Six Flags - KY Kingdom

17 Six Flags - St. Louis

18 Kings Island

19 Venture River Water Park

20
21 Point-to-Point Fiber Services

22 None

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Telephone/Dial-up Internet

Cinergy Communications (Formerly LDM)

PowerNet Global Communications

TouchTone Communications

Wireless Internet Service

Owensboro Municipal Utilities

Home Security

None

3) Geothermal Heating and Cooling

Kenergy sells geothermal systems to heating and cooling contractors on net 30 days. All units are pre-sold and ordered following proper sizing of the unit to the target home. The risk to Kenergy is if the contractor does not pay for the merchandise. If this occurs, Kenergy can place a lien on the property served for the materials used.

Two contractors purchase the vast majority of systems from Kenergy. In reviewing the financial records for 2003 and 2004, the largest balance carried by either contractor was approximately \$15,000.

Amusement Park Tickets

Tickets are consigned to Kenergy and all sales to customers are cash transactions, therefore risk is limited. The only area of risk would be theft, loss or destruction of the tickets. By

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2 agreement, Kenergy assumes responsibility for all consigned tickets. This risk is mitigated by
3 Kenergy's insurance coverage.

4 Point-to-Point Fiber Services

5 During 2003 and 2004, Kenergy provided fiber services to 3 customers. The risk
6 associated with this type of activity is non-payment of their monthly service fee. In this event, the
7 service will be disconnected and collection efforts initiated. Another risk associated with these
8 customers is the cost of installing the service drop into their location, including fiber, attachments,
9 guys and anchors. Each customer was activated under the premise that the installation fee and the
10 monthly fees would amortize this installation cost.

11 Telephone/Dial-up Internet

12 Kenergy is a commissioned agent for three communications companies; three of them
13 for the sale of long distance service and two of them for the sale of dial-up Internet service. Kenergy
14 markets the products, secures applications from customers and submits that paperwork to the proper
15 company for processing. Commissions are paid to Kenergy monthly based on customer usage, with
16 the exception of Cinergy Communications Internet commissions which are paid quarterly. All are paid
17 approximately 45 days past the close of the commission period. Kenergy receives a check or wire
18 transfer from each company.

19 Any risk associated with the proper completion of paperwork is mitigated by the respective company
20 accepting the application. Their review and acceptance is satisfactory to meet the requirements of the
21 FCC and any other governing agencies. The financial risk involved is that one or more of these

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companies might not pay Kenergy commission amounts due. This risk can be limited to 30 – 60 days of commission by refusing to accept and submit any new applications for the non-paying company.

Wireless Internet Service

The risks associated with this business are: 1) non-payment by the customer, 2) obsolescence of the equipment used, 3) failure of the equipment to operate as expected, and 4) a catastrophic event which destroys the system.

Home Security

As the program has been discontinued, there are no longer any risks.

Witnesses)	1, 2 & 3)	Doug Hoyt
	4)	Steve Thompson

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ITEM 29a4)

June 1, 2003-May 31, 2004 (test year) Revenues and Costs for Each Activity

	Geothermal	Surge Protectors	Water Heaters	Amusement Park Tickets	Point-to Point Fiber Services	Telephone/ Internet	Wireless ISP	Home Security	Other	Total
Revenue	\$ 173,122.12	\$ 14,228.70	\$ -	\$ 98,849.37	\$ 2,766.31	\$ 87,541.66	\$ 21,325.43	\$ 7,292.40		\$ 405,125.99
Expenses	\$ 173,818.41	\$ 12,344.95	\$ 3,463.87	\$ 96,680.26	\$ 1,649.78	\$ 77,610.80	\$ 39,476.40	\$ 12,476.57	\$ 4,306.09	\$ 421,827.13
Net	\$ (696.29)	\$ 1,883.75	\$ (3,463.87)	\$ 2,169.11	\$ 1,116.53	\$ 9,930.86	\$ (18,150.97)	\$ (5,184.17)	\$ (4,306.09)	\$ (16,701.14)

Witnesses)

- 1,2,3) Doug Hoyt
- 4) Steve Thompson

Note: The \$16,701.14 loss has been excluded for rate-making purposes. Refer to Exhibit 5, page 27, line 3.