

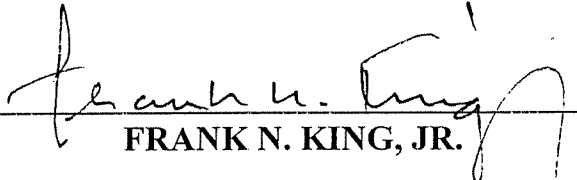
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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

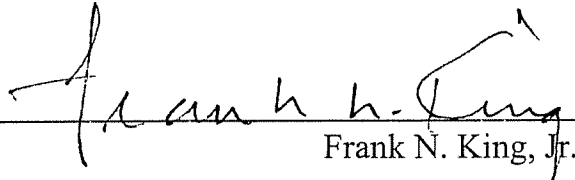
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PUBLIC SERVICE
COMMISSION

RESPONSE OF KENERGY CORP. TO INITIAL DATA
REQUESTS OF KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.

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

By 
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.

**KENERGY CORP.
RESPONSE TO KIUC'S
FIRST DATA REQUEST FOR INFORMATION**

CASE NO. 2004-00446

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Item 1) Please provide a copy of the RUS Form 7 of Kenergy Corp. (“Kenergy”) for the year ended December 31, 2004. If the final RUS Form 7 for the year 2004 is not available at the time of Kenergy’s response to this data request, Kenergy may provide a copy of the preliminary Form 7 as filed with the RUS, to be followed by the final Form 7 when such document is filed with the RUS.

Response) The Form 7 filed with the RUS will be provided when complete around March 1, 2005. A preliminary Form 7 has not been filed with the RUS.

Witness) Steve Thompson

**KENERGY CORP.
RESPONSE TO KIUC'S
FIRST DATA REQUEST FOR INFORMATION**

CASE NO. 2004-00446

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Item 2) Please provide a copy of Kenergy's audited financial statements as of and for the period ended December 31, 2004. If such audited financial statements are not available at the time of Kenergy's response to this data request, Kenergy may provide a copy as soon as the audit is concluded.

Response) The audit report will be presented to the Board of Directors on April 12, 2005, after which a copy will be provided.

Witness) Steve Thompson

**KENERGY CORP.
RESPONSE TO KIUC'S
FIRST DATA REQUEST FOR INFORMATION**

CASE NO. 2004-00446

1 **Item 3)** On Kenergy's Exhibit 5, page 8, Kenergy explains a proposed reduction to test
2 year revenues in the amount of \$300,000. With respect to such proposed reduction:

3 a. Provide all assumptions and supporting calculations for, and all memoranda or
4 other writings with respect to, the unbilled revenue amount of approximately \$1,600,000, as of
5 July 1, 1999.

6 b. Provide a schedule by date of all adjustments that have been made to such amount
7 since July 1, 1999, including all assumptions and supporting calculations for each such
8 adjustment.

9 c. Provide a complete explanation, including all supporting calculations and any
10 memoranda discussing the proposed adjustment, for the proposed test year revenue reduction of
11 \$300,000.

12 d. Provide a full and complete explanation as to the reasons that the proposed test
13 year revenue reduction of \$300,000 does not constitute retroactive ratemaking that is precluded
14 by applicable Kentucky law.

15 **Response)** a) The unrecorded asset at 12/31/99 was \$2,454,321, as shown on Item 3,
16 pages 2 – 9 of 17. The \$1,600,000 applies to 12/31/03.

17 b) See Item 3b, pages 10 – 15 of 17.

18 c) See Item 3c, pages 16 and 17 of 17.

19 d) This is not retroactive ratemaking because there is no proposed rate
20 change that would apply to past service.

21
22 **Witness)** Steve Thompson

KENERGY
GENERAL LEDGER

PAGE NO. 116
12/31/99

ACCOUNT NUMBER	DATE MO. DAY YEAR	DEBIT	CREDIT	BALANCE
4537	11 30 990200	45,26		\$ 38,47CR
4538	11 30 990200	43,87		\$ 5,40
4539	12 31 990200		30,00	\$ 24,62CR
4540	12 31 990200	42,45		\$ 17,83
4541	12 31 990200	37,93		\$ 55,76
173,000		3,213,813.00		\$ 3,213,813.00
4542	1 31 990403	3,558,325.00		\$ 6,772,138.00
4543	1 31 990403		3,213,813.00	\$ 3,558,325.00
4544	2 28 990403	2,932,454.00		\$ 6,490,779.00
4545	2 28 990403		3,558,325.00	\$ 2,932,454.00
4546	3 31 990403	3,023,012.00		\$ 5,955,466.00
4547	3 31 990403		2,932,454.00	\$ 3,023,012.00
4548	4 30 990403	2,624,115.00		\$ 5,667,127.00
4549	4 30 990403		3,023,012.00	\$ 2,624,115.00
4550	5 31 990403	2,590,465.00		\$ 5,214,580.00
4551	5 31 990403		2,624,115.00	\$ 2,590,465.00
4552	6 30 990403	3,313,000.00		\$ 5,903,465.00
4553	6 30 990403		2,624,115.00	\$ 3,279,350.00
4554	6 30 990403	33,650.00		\$ 3,313,000.00
4555	7 31 990403	4,486,674.00		\$ 7,799,674.00
4556	7 31 990403		3,313,000.00	\$ 4,486,674.00
4557	7 31 990403	4,448,042.00		\$ 4,365,787.00
4558	8 31 990403		4,365,787.00	\$ 8,813,829.00
4559	8 31 990403	4,448,042.00		\$ 4,448,042.00
4560	9 30 990403	3,313,994.00		\$ 7,762,036.00
4561	9 30 990403		4,448,042.00	\$ 3,313,994.00
4562	10 31 990403	2,438,473.00		\$ 5,752,467.00
4563	10 31 990403		3,313,994.00	\$ 2,438,473.00
4564	11 30 990403	2,324,369.00		\$ 4,762,842.00
4565	11 30 990403		2,438,473.00	\$ 2,324,369.00
4566	12 31 990403	3,053,806.00		\$ 5,378,175.00
4567	12 31 990403		2,324,369.00	\$ 3,053,806.00
4568	12 31 990403	231,514.00		\$ 3,285,320.00
4569	12 31 990403	382,066.00		\$ 3,667,386.00
192,302				\$ 3,667,386.00

OTHER REGULATORY ASSETS
 Kenergy East (Former GREC) 4,211,378
 Kenergy West (Former HUFEC) 1,910,329 6/24/99
 Unrecorded Asset 12/31/99 5 2,454,321

KENERGY EAST
UNBILLED REVENUE @ 12/31/99

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS @ 5.41%	KWH SALES @ .06 PER KWH	REVENUE
DECEMBER RURAL SYSTEM POWER BILL	56,637,856	3,064,108	53,573,748	\$3,214,424.88
ADD JANUARY BILLINGS WITH NOVEMBER USAGE UNBILLED (SEE ATTACHED)			16,408,052	\$996,952.92
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/99			69,981,800	\$4,211,377.80
UNBILLED REVENUE BOOKED @ 12/31/99 BY MONTHLY CALCULATION			51,845,676	\$3,053,806.00
DIFFERENCE TO SPREAD OVER 5 YEARS			18,136,124	\$1,157,571.80

ADDITIONAL UNBILLED REVENUE TO BOOK FOR 1999
(ALLOCATION TO REVENUE ACCOUNTS BASED ON DECEMBER SALES)

ACCOUNT	KWH	PERCENT	1/5 OF UNBILLED REVENUE
440.300	200,586	5.53%	\$12,803
440.100	2,020,364	55.70%	\$128,952
442.100	317,745	8.76%	\$20,281
442.000	91,043	2.51%	\$5,811
442.200	729,072	20.10%	\$46,534
444.000	11,244	0.31%	\$718
445.000	37,360	1.03%	\$2,385
445.100	219,810	6.06%	\$14,030
	3,627,225	100.00%	\$231,514

KENERGY EAST
UNBILLED REVENUE
12/31/99

JAN	BILLING DATE	USAGE PERIOD	MONTH BOOKED	NOV DAYS NOT BOOKED @12/31/99	JANUARY BILLINGS	KWH	PORTION OF KWH FOR NOV DAYS CYCLE 3 (2)	REVENUE FOR NOV USAGE UNBILLED @12/31/99	KWH
CYCLE 1	01/03/00	11/10-12/09	JAN	21 (1)	\$678,838.91	11,041,440		\$475,187.24	7,729,008
CYCLE 2	01/10/00	11/17-12/16	JAN	14 (1)	\$883,601.18	14,690,150		\$412,347.22	6,855,403
CYCLE 3	01/17/00	11/24-12/23	JAN	7			1,823,641	\$109,418.47	1,823,641
CYCLE 4	01/24/00	12/01-12/31	JAN	0			0	\$0.00	
								<u>\$996,952.92</u>	<u>16,408,052</u>

(1) ACTUAL BILLING FOR JANUARY

(2) Item #	DECEMBER BILLINGS	KWH	%	PERCENTAGE OF NOV POWER COST TO EACH CYCLE
CYCLE 1	12/03/99	9,741,957	23.05%	9,486,556
CYCLE 2	12/10/99	13,417,314	31.74%	13,063,049
CYCLE 3	12/17/99	8,027,721	18.99%	7,815,605
CYCLE 4	12/24/99	11,084,244	26.22%	10,791,214
		<u>42,271,236</u>	100.00%	<u>41,156,424</u>
				POWER COST
				LINE LOSS
				SALES

I N V O I C E

W. S. ELECTRIC CORP

P.O. BOX 24

HENDERSON, KY 42420

MONTH ENDING 11/30/99

W. S. ENERGY CORP - RURALS

ACCOUNT 005 KE

PERIOD FROM 11/01/99 THRU 11/30/99

COINCIDENTAL 155,579 11/30 8:30 P

SUBSTATION	COINCIDENTAL KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW/KWH MULT.
-Beda	4,212	1,837,980	60.61	7610.100	9448.080	1837.980	1000
-Beech Grove	2,670	1,429,980	74.39	6048.950	7478.930	1429.980	1000
-Centertown	1,464	580,090	55.02	5536.660	6116.750	580.090	1000
-Dermont	4,024	1,557,360	53.75	7242.140	8799.500	1557.360	1000
-Dixon	2,998	1,121,680	51.96	6118.200	7239.880	1121.680	1000
-Geneva	3,415	1,628,910	66.25	5672.750	7301.660	1628.910	1000
-Guffie	3,136	1,245,310	55.15	7618.980	8864.290	1245.310	1000
-Hanson	352	135,540	53.48	7366.400	7501.940	135.540	1000
-Hawesville	4,730	2,175,590	63.88	9587.590	11763.180	2175.590	1000
-Hudson Substation	3,149	1,705,650	75.22	32980.520	44145.050	11164.530	1000
-Lewisport	5,067	2,684,680	73.58	10712.010	13396.690	2684.680	1000
-Little Dixie	2,271	985,370	60.26	1514.270	2499.640	985.370	1000
-Lyon County	3,456	1,522,620	61.19	9327.500	10850.120	1522.620	1000
-Marion	5,819	2,357,360	56.27	9690.490	12047.850	2357.360	1000
-Masonville	3,726	1,836,620	68.46	7014.020	8850.640	1836.620	1000
-Morganfield	5,631	2,400,360	59.20	9372.300	11772.660	2400.360	1000
-Niagara	4,264	1,795,290	58.48	4166.520	5961.810	1795.290	1000
-Nuckols	3,149	1,549,570	68.34	8367.200	9916.770	1549.570	1000
-Onton	2,475	1,037,270	58.20	9911.320	10948.590	1037.270	1000
-Philpot	5,028	2,456,130	67.84	5959.280	8415.410	2456.130	1000
-Providence	4,795	1,911,750	55.37	8733.480	10645.230	1911.750	1000
-Race Creek	5,540	2,328,870	58.38	4629.360	6958.230	2328.870	1000
-Riverport	1,153	561,280	67.59	4853.480	6860.340	2006.860	1000
-Sacramento	1,821	760,610	58.02	5049.710	5810.320	760.610	1000
-Sebrae	2,592	1,176,930	63.06	3979.500	5156.430	1176.930	1000
-South Dermont	6,409	3,023,620	65.53	3843.450	6867.070	3023.620	1000
-South Hanson	7,569	2,982,640	54.73	8712.510	11695.150	2982.640	1000
-South Owensboro	9,098	5,032,740	76.83	7883.840	12916.580	5032.740	1000
-Joe	2,187	953,990	60.58	4056.350	5010.340	953.990	1000
-Stanley	2,378	1,021,230	59.64	2705.840	3728.070	1021.230	1000
-Sullivan	2,074	928,330	62.18	1825.090	2753.420	928.330	1000
-Thruston	7,847	3,307,090	58.53	5172.820	8479.910	3307.090	1000
-Utica	5,560	2,138,890	53.43	3374.130	5513.020	2138.890	1000
-Weaverton	5,016	2,347,290	65.00	8891.150	11238.440	2347.290	1000
-Weberstown	2,901	1,156,480	55.37	6065.840	7222.320	1156.480	1000
-West Owensboro	5,514	2,329,010	58.66	5098.810	7427.820	2329.010	1000
-Whitesville	5,508	2,262,240	57.04	7873.670	10135.910	2262.240	1000
-Yeager	17	15,673	131.13	5334.70	5491.43	156.73	100
-Zion	6,564	2,715,820	57.46	6967.730	9683.550	2715.820	1000
TOTAL	155,579	68,997,843					

ACTUAL DEMAND	155,579 KW TIMES	\$7.3700000	EQUALS \$	1,146,617.23
			SUB-TOTAL	\$ 1,146,617.23
ENERGY	68,997,843 KWH AT	\$.0204000	EQUALS \$	1,407,556.00
			SUB-TOTAL	\$ 1,407,556.00
East	96842 KW	43510,333 KWH	1,601,336.33	DEMAND AND ENERGY \$ 2,554,173.23
West	58737 KW	25,487,510 KWH	952,836.90	TOTAL AMOUNT DUE \$ 2,554,173.23
	<u>155579</u>	<u>68997843</u>		

KENERGY WEST
UNBILLED REVENUE @ 12/31/99

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS @ 6.66%	KWH SALES	REVENUE
DECEMBER RURAL SYSTEM POWER BILL (KWH FOR KENERGY WEST)	33,839,980	2,253,743	31,586,237	\$1,885,761.54 (1)

JANUARY BILLINGS TO ADD/SUBTRACT
(SEE ATTACHED)

CYCLE 1	(685,660)			(\$39,809.96)
CYCLE 2	(2,012,524)			(\$125,214.86)
CYCLE 3	2,019,045			\$120,541.04
CYCLE 4	1,156,595			\$69,051.03
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/99	32,063,693			\$1,910,328.79

(1) USED .059702 PER KWH
ACTUAL RATE OF RETURN FOR MOST RECENT 2 CYCLES BILLED (1 & 2)

BOOK 1/5 OF UNBILLED REVENUE FOR 1999
(ALLOCATION TO REVENUE ACCOUNTS BASED ON DECEMBER SALES)

ACCOUNT	KWH	PERCENT	1/5 OF UNBILLED REVENUE
440.109	4,277,053	66.70%	\$254,823
442.109	283,700	4.42%	\$16,903
442.209	182,814	2.85%	\$10,892
442.229	8,195	0.13%	\$488
442.309	70,001	1.09%	\$4,171
442.609	893,391	13.93%	\$53,227
442.819	422,426	6.59%	\$25,168
442.919	242,286	3.78%	\$14,435
444.009	1,808	0.03%	\$108
445.109	31,063	0.48%	\$1,851
	6,412,739		\$382,066

KENERGY WEST
UNBILLED REVENUE
12/31/99

REVENUE FOF NOV USAGE NOT BOOKED @12/31/99
PORTION OF KWH FOR NOV DAYS CYCLES 3 & 4 (1)
NOV DAYS NOT BOOKED @12/31/99
PORTION OF DEC USAGE KWH
ACTUAL JANUARY BILLINGS
DEC DAYS INCLUDED IN DEC POWER COST CALCULATION
USAGE PERIOD MONTH BOOKED
BILLING DATE

JAN	BILLING DATE	USAGE PERIOD	MONTH BOOKED	DEC DAYS INCLUDED IN DEC POWER COST CALCULATION	ACTUAL JANUARY BILLINGS	PORTION OF DEC USAGE KWH	NOV DAYS NOT BOOKED @12/31/99	PORTION OF KWH FOR NOV DAYS CYCLES 3 & 4 (1)	REVENUE FOF NOV USAGE NOT BOOKED @12/31/99
CYCLE 1	01/01/00	11/03-12/02	DEC	2	\$597,149.40	685,660			
CYCLE 2	01/10/00	11/10-12/09	DEC	9	\$417,382.86	2,012,524			
CYCLE 3	01/15/00	11/17-12/16	JAN				14	2,019,045	\$120,541.04
CYCLE 4	01/20/00	11/22-12/21	JAN				9	1,156,595	\$69,051.03

(1)	DECEMBER BILLINGS	KWH	%	PERCENTAGE OF NOV POWER COST TO EACH CYCLE BILLED
CYCLE 1	12/01/99	10,148,702	41.36%	9,838,746
CYCLE 2	12/10/99	5,951,176	24.25%	5,769,438
CYCLE 3	12/15/99	4,462,803	18.19%	4,326,525
CYCLE 4	12/20/99	3,976,751	16.21%	3,855,316
		<u>24,539,432</u>	<u>100.00%</u>	<u>23,790,026</u>
				25,487,510 POWER COST
				1,697,484 LINE LOSS
				23,790,026 SALES

I N V O I C E

BIG RIVERS ELECTRIC CORP

P.O. BOX 24

HENDERSON, KY 42420

MONTH ENDING 12/31/99

TO: KENERGY CORP - RURALS

ACCOUNT 005 KE

SERVICE FROM 12/01/99 THRU 12/31/99

COINCIDENTAL 175.350 12/21 7:30 P

SUBSTATION	COINCIDENTAL KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW/KWH MULT.
Beda	4,692	2,491,490	71.38	9448.080	11939.570	2491.490	1000
Beech Grove	3,007	1,738,490	77.71	7478.930	9217.420	1738.490	1000
Centertown	1,635	814,180	66.92	6116.750	6930.930	814.180	1000
Dermont	4,717	2,140,050	60.97	8799.500	10939.550	2140.050	1000
-Dixon	3,190	1,552,710	65.41	7239.880	8792.590	1552.710	1000
-Geneva	3,771	2,062,780	73.52	7301.660	9364.440	2062.780	1000
Guffie	3,529	1,781,020	67.83	8864.290	10645.310	1781.020	1000
Hanson	400	192,080	64.61	7501.940	7694.020	192.080	1000
Hawesville	5,398	2,862,350	71.27	1763.180	4625.530	2862.350	1000
-Hudson Substation	2,936	1,889,530	86.51	14145.050	25507.400	11362.350	1000
Lewisport	5,884	3,297,090	75.32	13396.690	16693.780	3297.090	1000
-Little Dixie	2,375	1,300,400	73.59	2499.640	3800.040	1300.400	1000
-Lyon County	4,134	2,039,930	66.32	850.120	2890.050	2039.930	1000
-Marion	6,629	3,232,300	65.54	2047.850	5280.150	3232.300	1000
Masonville	4,212	2,189,950	69.88	8850.640	11040.590	2189.950	1000
-Morganfield	6,791	3,333,710	65.98	1772.660	5106.370	3333.710	1000
-Niagara	5,080	2,513,020	66.49	5961.810	8474.830	2513.020	1000
Nuckols	3,687	1,885,540	68.73	9916.770	11802.310	1885.540	1000
Onton	3,000	1,516,960	67.96	948.590	2465.550	1516.960	1000
Philpot	5,437	3,007,980	74.36	8415.410	11423.390	3007.980	1000
-Providence	5,612	2,762,570	66.17	645.230	3407.800	2762.570	1000
-Race Creek	6,461	3,334,750	69.38	6958.230	10292.980	3334.750	1000
-Riverport	563	510,640	121.95	6860.340	8886.000	2025.660	1000
S. Tamento	2,148	1,074,090	67.20	5810.320	6884.410	1074.090	1000
-S. Lee	2,773	1,550,990	75.17	5156.430	6707.420	1550.990	1000
Sh. Dermont	7,206	3,516,850	65.60	6857.070	10383.920	3516.850	1000
South Hanson	9,091	4,558,890	67.40	11695.150	16254.040	4558.890	1000
South Owensboro	9,629	5,268,210	73.53	2916.580	8184.790	5268.210	1000
St. Joe	2,553	1,290,020	67.91	5010.340	6300.360	1290.020	1000
Stanley	2,903	1,433,580	66.37	3728.070	5161.650	1433.580	1000
-Sullivan	2,372	1,228,250	69.61	2753.420	3981.670	1228.250	1000
Thruston	8,878	4,546,500	68.83	8479.910	13026.410	4546.500	1000
Utica	6,169	3,081,020	67.13	5513.020	8594.040	3081.020	1000
-Weaverton	5,307	2,701,380	68.41	1238.440	3939.820	2701.380	1000
Weberstown	3,147	1,626,820	69.48	7222.320	8849.140	1626.820	1000
West Owensboro	6,286	3,128,750	66.90	7427.820	10556.570	3128.750	1000
Whitesville	6,078	3,173,790	70.18	135.910	3309.700	3173.790	1000
Yeager	24	22,156	126.19	5491.43	5712.99	221.56	100
-Zion	7,646	3,827,020	67.27	9683.550	13510.570	3827.020	1000
TOTAL	175,350	90,477,836					

ACTUAL DEMAND	175,350 KW TIMES	\$7.3700000	EQUALS\$	1,292,329.50
			SUB-TOTAL	\$ 1,292,329.50
ENERGY	90,477,836 KWH AT	\$.0204000	EQUALS\$	1,845,747.85
			SUB-TOTAL	\$ 1,845,747.85
			DEMAND AND ENERGY	\$ 3,138,077.35
East <u>KW</u> 109710	<u>KWH</u> 56,637,856	1,963,974.96		
West 65640	33,839,980	1,174,102.39	TOTAL AMOUNT DUE \$	3,138,077.35

MONTH ENDING 11/30/99

WESTERN ENERGY CORP - RURALS

ACCOUNT 005 KE

VICE FROM 11/01/99 THRU 11/30/99

COINCIDENTAL 155.579 11/30 8:30 P

SUBSTATION	COINCIDENTAL KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW/KWH MULT.
- Beda	4,212	1,837,980	60.61	7610.100	9448.080	1837.980	1000
- Beech Grove	2,670	1,429,980	74.39	6048.950	7478.930	1429.980	1000
- Centertown	1,464	580,090	55.02	5536.660	6116.750	580.090	1000
- Dermont	4,024	1,557,360	53.75	7242.140	8799.500	1557.360	1000
- Dixon	2,998	1,121,680	51.96	6118.200	7239.880	1121.680	1000
- Geneva	3,415	1,628,910	66.25	5672.750	7301.660	1628.910	1000
- Guffie	3,136	1,245,310	55.15	7618.980	8864.290	1245.310	1000
- Hanson	352	135,540	53.48	7366.400	7501.940	135.540	1000
- Hawesville	4,730	2,175,590	63.88	9587.590	11763.180	2175.590	1000
- Hudson Substation	3,149	1,705,650	75.22	32980.520	44145.050	11164.530	1000
- Lewisport	5,067	2,684,680	73.58	10712.010	13396.690	2684.680	1000
- Little Dixie	2,271	985,370	60.26	1514.270	2499.640	985.370	1000
- Lyon County	3,456	1,522,620	61.19	9327.500	10850.120	1522.620	1000
- Marion	5,819	2,357,360	56.27	9690.490	12047.850	2357.360	1000
- Masonville	3,726	1,836,620	68.46	7014.020	8850.640	1836.620	1000
- Morganfield	5,631	2,400,360	59.20	9372.300	11772.660	2400.360	1000
- Niagara	4,264	1,795,290	58.48	4166.520	5961.810	1795.290	1000
- Nuckols	3,149	1,549,570	68.34	8367.200	9916.770	1549.570	1000
- Onton	2,475	1,037,270	58.20	9911.320	10948.590	1037.270	1000
- Philpot	5,028	2,456,130	67.84	5959.280	8415.410	2456.130	1000
- Providence	4,795	1,911,750	55.37	8733.480	10645.230	1911.750	1000
- Race Creek	5,540	2,328,870	58.38	4629.360	6958.230	2328.870	1000
- Riverport	1,153	561,280	67.59	4853.480	6860.340	2006.860	1000
- Sacramento	1,821	760,610	58.02	5049.710	5810.320	760.610	1000
- Sebree	2,592	1,176,930	63.06	3979.500	5156.430	1176.930	1000
- South Dermont	6,409	3,023,620	65.53	3843.450	6867.070	3023.620	1000
- South Hanson	7,569	2,982,640	54.73	8712.510	11695.150	2982.640	1000
- South Owensboro	9,098	5,032,740	76.83	7883.840	12916.580	5032.740	1000
- Joe	2,187	953,990	60.58	4056.350	5010.340	953.990	1000
- Ley	2,378	1,021,230	59.64	2706.840	3728.070	1021.230	1000
- Sullivan	2,074	928,330	62.18	1825.090	2753.420	928.330	1000
- Thruston	7,847	3,307,090	58.53	5172.820	8479.910	3307.090	1000
- Utica	5,560	2,138,890	53.43	3374.130	5513.020	2138.890	1000
- Weaverton	5,016	2,347,290	65.00	8891.150	11238.440	2347.290	1000
- Weberstown	2,901	1,156,480	55.37	6065.840	7222.320	1156.480	1000
- West Owensboro	5,514	2,329,010	58.66	5098.810	7427.820	2329.010	1000
- Whitesville	5,508	2,262,240	57.04	7873.670	10135.910	2262.240	1000
- Yeager	17	15,673	131.13	5334.70	5491.43	156.73	100
- Zion	6,564	2,715,820	57.46	6967.730	9683.550	2715.820	1000
TOTAL	155,579	68,997,843					

ACTUAL DEMAND	155,579 KW	TIMES	\$7.3700000	EQUALS\$	1,146,617.23
				SUB-TOTAL	\$ 1,146,617.23
ENERGY	68,997,843 KWH	AT	\$.0204000	EQUALS\$	1,407,556.00
				SUB-TOTAL	\$ 1,407,556.00
East	96842 KW	43510,333 KWH	1,601,336.33	DEMAND AND ENERGY	\$ 2,554,173.23
West	58737 KW	25,487,510 KWH	952,836.90	TOTAL AMOUNT DUE	\$ 2,554,173.23
	<u>155579</u>	<u>68997843</u>			

KENERGY
UNBILLED REVENUE @ 12/31/02

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS 4.85%	KWH SALES	REVENUE @ .058329 PER KWH LESS WDAR ON DEC POWER BILL	RATE OF RETURN
DECEMBER RURAL SYSTEM POWER BILL	102,134,114	4,953,505	97,180,609	\$5,560,992.16	0.05722
ADD JANUARY BILLINGS WITH NOVEMBER USAGE UNBILLED (SEE ATTACHED)			35,608,202	\$2,050,010.23	0.05757
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/02			132,788,811	\$7,611,002.39	0.05732
UNBILLED REVENUE BOOKED @ 12/31/02			99,618,776	\$5,635,789.01	0.05657
DIFFERENCE			33,170,035	\$1,975,213.38	0.05955

Use \$350,000
= \$0 1/20/03

6,000,446

KENERGY
UNBILLED KWH
12/31/02

JAN	BILLING DATE	USAGE PERIOD	MONTH BOOKED	NOV DAYS NOT BOOKED @12/31/02	JANUARY BILLINGS	KWH	PORTION OF KWH FOR NOV DAYS (FOR CYCLES NOT BILLED) (2)	REVENUE FOR NOV USAGE UNBILLED @12/31/02	KWH	RATE OF RETURN
CYCLE 1	01/01/03	11/08-12/08	JAN	23 (1)	\$651,317.95	11,903,526		\$499,343.76	9,126,037	0.05472
CYCLE 3	01/03/03	11/10-12/10	JAN	21 (1)	\$751,512.72	12,636,124		\$526,058.90	8,845,287	0.05947
CYCLE 8	01/08/03	11/15-12/15	JAN	16 (1)	\$520,441.31	8,961,912		\$277,568.70	4,779,686	0.05807
CYCLE 10	01/10/03	11/17-12/17	JAN	14 (1)	\$863,156.90	16,539,374		\$449,473.22	7,718,375	0.05823
CYCLE 15	1/15/03	11/22-12/22	JAN	9 (1)	\$407,306.60	6,975,341		\$122,191.98	2,092,602	0.05839
CYCLE 17	01/17/03	11/24-12/24	JAN	7			2,361,757	\$135,968.72	2,361,757	0.05757 (2)
CYCLE 20	01/27/03	11/27-12/27	JAN	4			684,458	\$39,404.95	684,458	0.05757 (2)
CYCLE 24	01/24/03	12/01-1/01	JAN	0			0	\$0.00	0	
								<u>\$2,050,010.23</u>	<u>35,608,202</u>	0.05757

(1) ACTUAL BILLING FOR JANUARY
(2) AVERAGE RATE OF ACTUAL CYCLES BILLED IN JAN (CYCLES 1 - 15)

DECEMBER BILLINGS	KWH	%	PERCENTAGE OF NOV POWER COST TO EACH CYCLE
CYCLE 1	12/01/01	11,549,871	13.98%
CYCLE 3	12/03/01	11,486,540	13.89%
CYCLE 8	12/08/01	7,343,542	8.88%
CYCLE 10	12/10/01	15,175,393	18.36%
CYCLE 15	12/15/01	5,955,475	7.20%
CYCLE 17	12/17/01	10,384,343	12.56%
CYCLE 20	12/27/01	5,269,276	6.37%
CYCLE 24	12/24/01	15,510,215	18.76%
		<u>82,674,655</u>	100.00%
			80,587,707
			84,870,350
			4,282,643
			80,587,707
			POWER COST
			LINE LOSS
			SALES

KENERGY
UNBILLED REVENUE @ 12/31/01

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS 4.2% 4.82	KWH SALES	REVENUE @ .058445 PER KWH LESS WDAR ON DEC POWER BILL	RATE OF RETURN
DECEMBER RURAL SYSTEM POWER BILL	92,610,994	4,464,128	88,146,866	\$5,043,753.49	0.05722
ADD JANUARY BILLINGS WITH NOVEMBER USAGE UNBILLED (SEE ATTACHED)			30,729,437	\$1,788,586.60	0.05820
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/01			118,876,303	\$6,832,340.09	0.05747
UNBILLED REVENUE BOOKED @ 12/31/01			88,277,493	\$4,976,210.01	0.05637
DIFFERENCE			30,598,810	\$1,856,130.08	0.06066

*Estimated revenues - 1,800,000
x 10%*

~~1,800,000 - 180,000 = 1,620,000~~
~~1,620,000 - 180,000 = 1,440,000~~
~~1,440,000 - 180,000 = 1,260,000~~
~~1,260,000 - 180,000 = 1,080,000~~
~~1,080,000 - 180,000 = 900,000~~
~~900,000 - 180,000 = 720,000~~
~~720,000 - 180,000 = 540,000~~
~~540,000 - 180,000 = 360,000~~
~~360,000 - 180,000 = 180,000~~
~~180,000 - 180,000 = 0~~

*2,200,000
= 2,496,000
= 2,100,000*

1,559,417

1/17/02

@ 12/31/00 before adj:

	KWH	adj:
unbilled =	106,662,316	6,040,289.00
12/31/00 - 1/10	4456,181	271,367.00
1/1/01 =	111,118,497	\$6,311,656
1 unbilled	(22,841,004)	(1,335,445.99)
101	88,277,493	\$4976,210.01

KENERGY
UNBILLED REVENUE
12/31/01

JAN BILLING DATE	USAGE PERIOD	MONTH BOOKED	NOV DAYS NOT BOOKED @12/31/01	JANUARY BILLINGS	KWH	PORTION OF KWH FOR NOV DAYS (FOR CYCLES NOT BILLED) (2)	REVENUE FOR NOV USAGE UNBILLED @12/31/01	KWH	RATE OF RETURN
CYCLE 1 01/01/02	11/08-12/08	JAN	23 (1)	\$593,885.08	10,814,938		\$455,311.90	8,281,452	0.05481
CYCLE 2 01/03/02	11/10-12/10	JAN	21 (1)	\$654,431.98	10,845,276		\$458,102.39	7,591,883	0.06034
CYCLE 5 01/09/02	11/15-12/15	JAN	16 (1)	\$408,368.45	8,822,366		\$217,785.44	3,638,595	0.05988
CYCLE 10 01/10/02	11/17-12/17	JAN	14 (1)	\$878,509.31	15,042,332		\$408,871.01	7,019,755	0.05840
CYCLE 15 1/15/02	11/22-12/22	JAN	9 (1)	\$334,661.43	5,575,859		\$100,398.43	1,872,758	0.06002
CYCLE 17 01/17/02	11/24-12/24	JAN	7			1,994,135	\$116,553.20	1,994,135	0.05845 (2)
CYCLE 20 01/27/02	11/27-12/27	JAN	4			521,048	\$30,454.22	521,048	0.05845 (2)
CYCLE 24 01/24/02	12/01-1/01	JAN	0			0	\$0.00	0	0
							<u>\$1,788,588.60</u>	<u>30,729,437</u>	0.06860

(1) ACTUAL BILLING FOR JANUARY
(2) AVERAGE RATE OF ACTUAL CYCLES BILLED IN JAN (CYCLES 1 - 15)

DECEMBER BILLINGS	KWH	%	PERCENTAGE OF NOV POWER COST TO EACH CYCLE
CYCLE 1 01/01/01	11,081,748	15.02%	10,352,042
CYCLE 3 01/03/01	10,413,883	14.13%	9,738,639
CYCLE 8 01/08/01	6,848,523	9.02%	6,216,739
CYCLE 10 01/10/01	14,481,523	19.65%	13,643,118
CYCLE 15 1/15/01	5,152,884	6.86%	4,817,628
CYCLE 17 01/17/01	9,135,854	12.40%	8,546,283
CYCLE 20 01/27/01	4,178,274	5.67%	3,907,881
CYCLE 24 01/24/01	<u>12,812,837</u>	<u>17.12%</u>	<u>11,789,398</u>
	<u>73,882,806</u>	<u>100.00%</u>	<u>68,921,718</u>
			POWER COST
			3,984,857
			68,921,718
			LINE LOSS
			SALES

KENERGY
UNBILLED REVENUE @ 12/31/00

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS 5.79%	KWH SALES	REVENUE @ .05893 PER KWH LESS WDAR ON DEC POWER BILL	RATE OF RETURN
DECEMBER RURAL SYSTEM POWER BILL	116,612,460	6,751,861	109,860,599	\$6,368,782.23	0.05797
ADD JANUARY BILLINGS WITH NOVEMBER USAGE UNBILLED (SEE ATTACHED)			41,363,531	\$2,385,181.27	0.05766
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/00			151,224,129	\$8,753,963.50	0.05789

UNBILLED REVENUE BOOKED @ 12/31/00
 Item 3
 DIFFERENCE
 Page 14 of 17

106,662,316
 44,561,813

10 years
4456,181
 Book 271,367.45
 10 years =
 DO 1/16/01

KENERGY
UNBILLED REVENUE
12/31/00

JAN	BILLING DATE	USAGE PERIOD	MONTH BOOKED	NOV DAYS NOT BOOKED @12/31/00	JANUARY BILLINGS	KWH	PORTION OF KWH FOR NOV DAYS CYCLE 3 (2)	REVENUE FOR NOV USAGE UNBILLED @12/31/00	KWH	RATE OF RETURN	
CYCLE 1	01/03/01	11/10-12/09	JAN	21 (1)	\$715,662.53	12,020,882		\$500,963.77	8,414,617	0.05953	
CYCLE 2	01/10/01	11/17-12/16	JAN	14 (1)	\$984,247.56	16,996,223		\$459,315.53	7,931,571	0.05791	
CYCLE 3	01/17/01	11/24-12/23	JAN	7			3,546,505	\$206,690.31	3,546,505	0.05828 (2)	
CYCLE 4	01/24/01	12/01-12/31	JAN	0			0	\$0.00	0		
CYCLE 1	1/02/01	11/3-12/02	JAN	27 (1)	\$650,664.82	11,871,190		\$685,598.34	10,684,071	0.05481	
CYCLE 2	01/10/01	11/10-12/09	JAN	20 (1)	\$485,846.15	8,234,477		\$323,897.43	5,489,651	0.05900	
CYCLE 3	01/15/01	11/17-12/16	JAN	13			3,400,532	\$198,183.00	3,400,532	0.05828 (2)	
CYCLE 4	01/20/01	11/22-12/21	JAN	8			1,896,584	\$110,532.90	1,896,584	0.05828 (2)	
									<u>\$2,385,181.27</u>	<u>41,363,531</u>	0.05766

(1) ACTUAL BILLING FOR JANUARY
(2) AVERAGE RATE OF ACTUAL CYCLES BILLED IN JAN (CYCLES 1 & 2)

DECEMBER BILLINGS	KWH	%	PERCENTAGE OF NOV POWER COST TO EACH CYCLE
CYCLE 1	10,895,305	21.68%	17,324,972
CYCLE 2	15,239,295	30.31%	24,221,398
CYCLE 3	9,564,352	19.02%	15,199,307
CYCLE 4	14,577,002	28.99%	23,166,556
CYCLE 1	10,607,350	21.10%	16,861,481
CYCLE 2	6,195,097	12.32%	9,845,187
CYCLE 3	4,939,321	9.82%	7,847,381
CYCLE 4	4,475,184	8.90%	7,112,189
			<u>79,912,233</u>
			<u>50,275,954</u>
			82,292,248
			2,380,015
			79,912,233
			POWER COST
			LINE LOSS
			SALES

KENERGY
UNBILLED REVENUE @ 12/31/03

LINE LOSS
4.68%
RATE OF RET
0.05837

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS 4.68%	KWH SALES	REVENUE @ .05837 PER KWH LESS WDAR ON DEC POWER BILL	RATE OF RETURN
DECEMBER RURAL SYSTEM POWER BILL	103,111,476	4,825,617	98,285,859	\$5,627,380.04	0.05726
ADD JANUARY BILLINGS WITH NOVEMBER USAGE UNBILLED (SEE ATTACHED)			33,644,039	\$1,914,192.26	0.05690
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/03			131,929,898	\$7,541,572.29	0.05716
UNBILLED REVENUE BOOKED @ 12/31/03			106,597,530	\$5,985,812.34	0.05615
DIFFERENCE			25,332,368	\$1,555,759.95	0.06141

ESTIMATED MARGINS \$3,000,000.00
X 10%
AMOUNT TO BOOK FOR 2003 \$300,000.00
KWH TO BOOK @ .05837 5,139,627

KENERGY
UNBILLED REV.
12/31/03

JAN	BILLING DATE	USAGE PERIOD	MONTH BOOKED	NOV. DAYS NOT BOOKED @12/31/03	JANUARY BILLINGS	KWH	PORTION OF KWH FOR NOV. DAYS (FOR CYCLES NOT BILLED) (2)	REVENUE FOR NOV. USAGE UNBILLED @12/31/03	KWH	RATE OF RETURN
CYCLE 1	01/01/04	11/08-12/08	JAN	23 (1)	\$630,046.28	11,876,561		\$483,037.01	8,853,553	0.05395
CYCLE 3	01/03/04	11/10-12/10	JAN	21 (1)	\$368,387.65	6,151,993		\$257,878.36	4,308,395	0.05888
CYCLE 6	01/06/04	11/13-12/13	JAN	18 (1)	\$369,758.24	6,369,516		\$221,854.94	3,821,710	0.05805
CYCLE 8	01/08/04	11/15-12/15	JAN	16 (1)	\$489,542.92	8,425,220		\$261,089.56	4,493,451	0.05810
CYCLE 10	01/10/04	11/17-12/17	JAN	14 (1)	\$344,669.19	5,942,241		\$180,845.62	2,773,046	0.05800
CYCLE 13	01/13/04	11/20-12/20	JAN	11 (1)	\$684,728.05	12,194,338		\$251,066.95	4,471,257	0.05615
CYCLE 15	11/15/04	11/22-12/22	JAN	9 (1)	\$401,393.05	6,903,915		\$120,417.91	2,071,175	0.05814
CYCLE 17	01/17/04	11/24-12/24	JAN	7 (1)	\$371,074.33	6,438,980		\$96,584.01	1,502,429	0.05763
CYCLE 20	01/27/04	11/27-12/27	JAN	4	\$0.00	0	786,538	\$44,901.90	786,538	0.05709 (2)
CYCLE 21	01/21/04	11/28-12/28	JAN	3	\$0.00	0	464,476	\$26,515.99	464,476	0.05709 (2)
CYCLE 24	01/24/04	12/01-1/01	JAN	0	\$0.00	0	0	\$0.00	0	0
CYCLE 27	01/27/04	12/04-1/04	JAN	0	\$0.00	0	0	\$0.00	0	0
					\$3,659,611.71	64,104,764		\$1,914,192.26	33,644,039	0.05680

0.05708798

(1) ACTUAL BILLING FOR JANUARY
(2) AVERAGE RATE OF ACTUAL CYCLES BILLED IN JAN (CYCLES 1 - 17)

DECEMBER BILLINGS	KWH	%	PERCENTAGE OF NOV POWER COST TO EACH CYCLE
CYCLE 1	12/01/01	11,822,313	14.76%
CYCLE 3	12/03/01	5,436,889	6.78%
CYCLE 6	12/06/01	6,059,740	7.55%
CYCLE 8	12/08/01	6,587,731	8.21%
CYCLE 10	12/10/01	4,992,569	6.22%
CYCLE 13	12/13/01	10,884,431	13.57%
CYCLE 15	12/15/01	5,298,315	6.60%
CYCLE 17	12/17/01	5,462,411	6.81%
CYCLE 20	12/27/01	4,830,406	6.02%
CYCLE 21	12/21/01	3,803,541	4.74%
CYCLE 24	12/24/01	7,969,246	9.93%
CYCLE 27	12/27/01	7,089,530	8.81%
	80,215,122	100.00%	
	97,990,654		
	103,111,476		POWER COST
	5,120,822		LINE LOSS
	97,990,654		SALES

**KENERGY CORP.
RESPONSE TO KIUC'S
FIRST DATA REQUEST FOR INFORMATION**

CASE NO. 2004-00446

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Item 4) At page 4 of Kenergy Exhibit 6, Mr. Bailey testifies that the rates adjustments proposed in the instant proceeding adhere to the concepts of revenue stability, rate continuity, and gradualism that previously have been acknowledged by the Commission. With respect to such concepts:

- a. Explain in detail how revenue stability would be adversely impacted if Kenergy received the same aggregate revenues as sought in this proceeding, but the allocation of such revenues among customer classes was determined strictly on the basis of the cost of service study submitted by Kenergy in this proceeding.
- b. Explain in detail how rate continuity would be adversely impacted if Kenergy's electric rates were to be adjusted in a manner that brings all customer classes closer to rate parity than would occur under the rate adjustments proposed by Kenergy in this proceeding.
- c. With respect to gradualism, what does Kenergy deem to be the appropriate period to time over which rates should be gradually adjusted in order to achieve rate parity for all customer classes?
- d. Discuss any long term strategic plan that Kenergy may have to achieve rate parity for all customer classes. If Kenergy has no such plan, would Kenergy object to a Commission directive for Kenergy to develop and submit in this proceeding a long term strategic plan to achieve rate parity for all customer classes?

**KENERGY CORP.
RESPONSE TO KIUC'S
FIRST DATA REQUEST FOR INFORMATION**

CASE NO. 2004-00446

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Response) a) Allocating revenues among the classes based solely on cost of service would result in an increase to the residential and single phase class and decreases to the three phase classes. If it is assumed that there would be no net reduction in margins due to changes in consumption as a consequence of changes in price, then there would be no adverse impact on aggregate revenues from allocating revenues among customer classes solely based on cost of service. No study has been performed by Kenergy to determine how changes in price could affect Kenergy's sales (i.e. price elasticity).

b) The question is vague because the term "closer" does not provide a definitive measure to be used for the response. It is also vague because rate continuity is a subjective measure. However, to provide perspective, an adjustment that moves classes closer to parity by a tenth of a percent in rate of return would require an additional three tenths of a percent increase in residential/single phase revenues. In contrast, an adjustment that moves the residential/single phase to parity would require a 5.5% increase in residential/single phase revenues in addition to the 4.21% increase that has occurred as result of the expiration of the consolidation credit.

c) Kenergy believes rates should be adjusted to achieve parity as quickly as possible while avoiding excessively adverse customer impact. What constitutes excessive customer impact is a subjective measure and is affected by multiple factors such as overall rate pressures and competitiveness. Kenergy believes that its proposed rates do not result in excessively adverse customer impacts taking all factors into consideration.

**KENERGY CORP.
RESPONSE TO KIUC'S
FIRST DATA REQUEST FOR INFORMATION**

CASE NO. 2004-00446

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d) The Kenergy management recognizes rate parity as an objective and it is Kenergy's plan to adjust rates based on cost of service to extent practical in each of its subsequent rate cases. However, Kenergy has no plans to file a subsequent rate case solely for the purpose of making further adjustments to achieve cost based rates.

Witnesses) a&b) Jack Gaines
c&d) Mark Bailey

**KENERGY CORP.
RESPONSE TO KIUC'S
FIRST DATA REQUEST FOR INFORMATION**

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2 **Item 5)** Under its proposed rate adjustments to Schedule 2, Kenergy seeks to apply a
3 different rate to certain “grandfathered” customers that to other customers. Please explain
4 Kenergy’s intention in making this rate proposal.

5
6 **Response)** There are three sets of “grandfathered” customers. Originally, certain customer
7 sets were grandfathered into classes so that no customer would receive a rate increase for five
8 years as a result of the consolidation. One set is 298 former Henderson Union three-phase
9 accounts that were grandfathered onto Schedule 1. Those customers were grandfathered when
10 Kenergy was formed since having not previously been billed based on demand by Henderson
11 Union and demand data was not available, it was likely that at least some would have incurred an
12 increase if transferred to Schedule 2 for three-phase service. By establishing a three-phase
13 customer charge that applies to all Schedule 1 three-phase accounts, the former Henderson Union
14 accounts can be permanently placed on Schedule 1 on comparable basis with the former Green
15 River accounts and the consolidation will be completed. A second set is the former Henderson
16 Union Street Lights. As proposed, those rates will be fully adjusted to the prevailing Kenergy
17 rate for comparable lights. The third set is a single Large Power 3 phase account that has been on
18 the Over 1,000 kW tariff (Schedule 3) but based on applicability would have only qualified for
19 the 1,000 kW and under tariff (Schedule 2). The purpose of creating an intermediate tariff rather
20 than move this customer to Schedule 2 in this case is to mitigate the amount of the increase that
21 would otherwise be incurred by the customer. For the subject customer, the total increase

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including the expiration of the consolidation credit would have been 12.9% if placed on
Schedule 2. As proposed, the total increase is 6.8%. It is my understanding that management's
plan is to move the customer the remaining step in the next rate case.

Witness) Jack Gaines

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Item 6) Kenergy's Response to Item 1 of the Commission's First Data Requests shows that distribution maintenance expenses increase from \$5,302,089 for the year ended 5-31-03 to \$7,008,443 for the year ended 5-31-04. Kenergy's Exhibit 5, page 1, reflects a further pro forma increase to distribution maintenance expense of \$400,493. This is a test year increase in distribution maintenance expense of \$2,106,847, or a 39.7% increase. Please provide a schedule showing all elements of this increase, accompanied by an explanation for the substantial increase in distribution maintenance expense when compared to the prior twelve-month period.

Response) Item 11, pages 23, 24 and 25 of the response to Item 1 of the Commission's first data request details the distribution maintenance accounts (590 – 598) changes by month when compared to the prior twelve-month period. The increase is primarily caused by major storm expenses (approximately \$500,000), contractor right-of-way trimming costs (\$1,113,417), and underground cable failures (\$179,763).

Witness) Steve Thompson

**KENERGY CORP.
RESPONSE TO KIUC'S
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2 **Item 7)** Kenergy's response to Item 1 of the Commission's first data request shows that
3 A&G expense increases from \$1,738,167 for the year ended 5-31-03 to \$2,579,162 for the year
4 ended 5-31-04. Kenergy's Exhibit 5, page 1, reflects a pro forma decrease to A&G expense of
5 \$533,069. This results in a test year net increase in A&G expense of \$307,926, or a 17.7%
6 increase. Please provide a schedule showing all elements of this net increase, accompanied by
7 an explanation for the substantial net increase in A&G expense when compared to the prior
8 twelve-month period.

9
10 **Response)** Item 11, pages 29 – 34, of the response to Item 1 of the Commission's First Data
11 Request details the A & G (920 – 935) changes by month when compared to the prior twelve-
12 month period. The total of these accounts was \$2,579,162 for the test year ending May 31, 2004
13 and \$1,738,167 for the year ending May 31, 2003, and increase of \$840,995. The majority of
14 this increase, or \$507,779, resulted from adjustments to record large deferred compensation
15 losses (Dec.-02) and gains (Dec.-03), which have no bottom line impact. The December 2003
16 gain has been removed, per Exhibit 5, page 16. A total of \$81,031 results from CEO search
17 expenses and internal auditing costs. (CEO search expenses have been removed for rate-making
18 purposes.) Account 928, regulatory commission expense, increased \$154,285 from the previous
19 twelve months.

20
21 **Witness)** Steve Thompson
22