

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 24 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

ADJUSTMENT OF RATES)
OF KENERGY CORP.) CASE NO. 2008-00323

ATTORNEY GENERAL'S SUPPLEMENTAL REQUESTS FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Requests for Information to Kenergy Corp. [hereinafter referred to as "Kenergy"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Kenergy with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional

information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

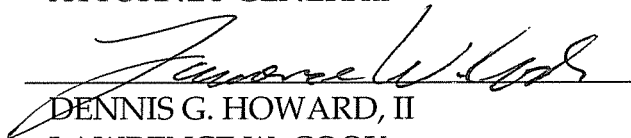
(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to

whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,
JACK CONWAY
ATTORNEY GENERAL



DENNIS G. HOWARD, II
LAWRENCE W. COOK
PAUL D. ADAMS
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, STE. 200
FRANKFORT KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315

Certificate of Service and Filing

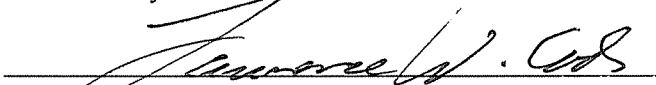
Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Stephanie Stumbo, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; and via electronic mail to Stephanie.Stumbo@ky.gov , fking@dkgnlaw.com ; and mkurtz@bkllawfirm.com counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Frank N. King, Jr.
Attorney at Law
Dorsey, King, Grey, Norment & Hopgood
318 2nd St.
Henderson, KY 42420

Mr. Sanford Novick
President and CEO
Kenergy Corp.
P. O. Box 1389
Owensboro, KY 42302

Hon. Mike Kurtz
Boehm, Kurtz & Lowry
36 E. 7th St.
Ste. 1510
Cincinnati, Ohio 45202

this 24th day of October, 2008


Assistant Attorney General

KENERGY CORPORATION
CASE NO. 2008-00323
Supplemental Requests For Information of the Attorney General to Kenergy Corporation

1. With regard to the response to AG-1-3, please provide the following information:
 - a. Provide a worksheet showing how Kenergy determined the proforma CWC balance of \$2,410,672.
 - b. Exhibit 5, page 1, column (f), lines 18 – 23 indicate total proforma adjusted O&M expenses of \$18,347,737 which, when divided by 8, would indicate a proforma CWC balance of \$2,293,467. Please reconcile this balance to the balance of \$2,410,672 referenced in part (a) above.
 - c. Confirm that if the correct proforma CWC balance is \$2,293,467, the resulting correct return on rate base would be 6.933%. If you do not agree, explain your disagreement.

2. With regard to Exhibit 5, page 19, footnote (2), please provide the actual Federated 2007 non-cash capital credit amount as compared to the estimated 2007 amount of \$42,000.

3. With regard to Exhibit 5, page 18, footnote (1), please provide the following information:
 - a. What is the basis of the 5% interest rate and why was this rate considered to be the appropriate rate to use in this case?
 - b. Provide the actual interest rates in effect for each month of the test year and for each month in 2008 to date.

4. With regard to Exhibit 5, page 5, please provide the following information:
 - a. The portion of the unbilled revenue decrease of \$884,247 that represents unbilled WDAR revenues, if any, and indicate what the unbilled revenue adjustment of \$884,247 would be without the consideration of the unbilled WDAR revenues.
 - b. The portion of the unbilled power cost increase of \$125,733 that represents unbilled WDAR power costs, if any, and indicate what the unbilled power cost adjustment of \$125,733 would be without the consideration of the unbilled WDAR power costs.

5. With regard to footnote 4 of the response to AG-1-22, please provide the following information:
 - a. Nature and purpose of Ohio County Industrial Foundation.
 - b. Nature and purpose of \$500 expense.
 - c. Where should this \$500 item have been reflected on pages 6-8 of PSC-1-34.

KENERGY CORPORATION
CASE NO. 2008-00323
Supplemental Requests For Information of the Attorney General to Kenergy Corporation

- d. Clarify whether it is Kenergy's position that this item should be removed for ratemaking purposes. If not, why not.
6. Please update the response to PSC-1-35 by providing the actual rate case expenses incurred for this case through 10/31/08.
7. With regard to the \$22,750 for the CEO's vehicle allowance referenced in the response to PSC-2-25(a), please provide the following information:
 - a. Confirm that \$15,079 ($\$22,750 \times \text{expense ratio of } 66.280299\%$) of the \$22,750 is included in the proforma test year labor expenses. If not, provide the correct answer.
 - b. Explain whether the \$22,750 vehicle allowance amount represents the annualized vehicle allowance amount for the CEO who was hired on 6/1/07 and show how the \$22,750 was derived based on the 2007 vehicle allowance data shown in the response to PSC-2-25(b).
8. Re. response to AG-1-46(c): confirm that if the "All Other" overtime hours would be based on the 5-yr. average from 2003 through 2007 of 17,618, this would reduce Kenergy's proposed pro forma labor expense adjustment by \$34,884 [calculation: $17,618 \text{ hrs vs. } 18,908 \text{ hrs} = 1,290 \text{ hrs} \times \$40.80 \times 66.28\% = \$34,884$].