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October 14, 2008

FEDEX

RECEIVED

OCT 15 2008

PUBLIC SERVICE
COMMISSION

Ms. Stephanie Stumbo
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Case No. 2008-00323

Dear Ms. Stumbo:

This letter is to inform the Commission that today the following are being sent under separate cover by overnight delivery to the Commission for filing:

- The original and 10 copies of Response of Kenergy Corp. to Attorney General's Initial Requests for Information
- The original and 10 copies of Response of Kenergy Corp. to Second Data Request of Commission Staff

The undersigned hereby certifies that the foregoing has been served upon Attorney General of Kentucky Office of Rate Intervention, 1024 Capitol Center Drive, Frankfort, KY 40601, and Kentucky Industrial Utility Customers, Michael J. Kurtz, Attorney, Boehm, Kurtz & Lowry, 36 East Seventh Street, Suite 1510, Cincinnati, Ohio 45202, by mailing a true and correct copy of same on this October 14, 2008.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By Frank N. King
Frank N. King, Jr.
Attorney for Kenergy Corp.

FNKJr/cds

COPY: Attorney General of Kentucky, Office of Rate Intervention
Hon. Michael J. Kurtz, Attorney for Kentucky Industrial Utility Customers
Kenergy Corp.

RECEIVED

OCT 15 2008

PUBLIC SERVICE
COMMISSION

CASE NO. 2008-00323

VERIFICATION

I verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Steve Thompson

Steve Thompson, Vice President Finance

STATE OF KENTUCKY

COUNTY OF: Daviess

The foregoing was signed, acknowledged and sworn to before me by Steve Thompson this 13th day of October, 2008.

My commission expires October 14, 2008

Benita M. Martin

Notary Public, KY State at Large

(seal)

CASE NO. 2008-00323

VERIFICATION

I verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Jack D. Gaines

STATE OF GEORGIA

COUNTY OF DeKalb

The foregoing was signed, acknowledged and sworn to before me by JACK D. GAINES this 14 day of October, 2008.

My commission expires 6/29/2010

Notary Public,

(seal)

CHARLES WOOTON
NOTARY PUBLIC
DeKalb County
State of Georgia
My Comm. Expires June 29, 2010

CASE NO. 2008-00323

VERIFICATION

I verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

David Hamilton, Director Member Services

STATE OF KENTUCKY

COUNTY OF: Daviess

The foregoing was signed, acknowledged and sworn to before me by David Hamilton this 13 day of October, 2008.

My commission expires 3/20/2012

Notary Public, KY State at Large

(seal)

CASE NO. 2008-00323

VERIFICATION

I verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Keith Ellis

Keith Ellis, Vice President Human Resources

STATE OF KENTUCKY

COUNTY OF: Henderson

The foregoing was signed, acknowledged and sworn to before me by Keith Ellis, this 14th day of October, 2008.

My commission expires March 11, 2012

Kathy Spurlock

Notary Public, KY. State at Large

(seal)

CASE NO. 2008-00323

VERIFICATION

I verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Sanford Novick

Sanford Novick, President & CEO

STATE OF KENTUCKY

COUNTY OF: Daviess

The foregoing was signed, acknowledged and sworn to before me by Sanford Novick this 13th day of October, 2008.

My commission expires 5-24-11

Debra J. Hayden

Notary Public, KY State at Large

(seal)

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 1) Refer to Kenergy's application at Exhibit 3, Tab A, Schedule 1, Residential (Single Phase & Three-Phase).

a. In cases where the segregation of wiring would involve undue expense to the member, Kenergy has added the option of the customer being classified as a commercial customer. Explain the rationale for offering the commercial rate rather than the residential rate.

b. Kenergy's residential tariff forgives the gross charge for one bill a year. Provide the criteria that Kenergy uses to determine whether it will forgive a bill.

Response) **a)** The Kentucky statutes relating to sales tax do not grant the residential exemption if charges are billed to an owner or operator of a multi-unit residential rental facility. For ease of administration, Kenergy has defined its residential tariff to track the sales tax statutes.

b) The tariff language states "the gross rate charge <u>shall</u> be forgiven on one bill". Therefore, on the first occurrence, the gross charge is automatically forgiven.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 2) Explain why Kenergy is inserting the Renewable Resource Energy Service Rider as an adjustment clause in the tariff pages for service to most of the classes.

Response) This is included so that a customer reviewing the rate schedule will see that this rider is available, and if utilized, the bill will include the per kilowatt hour premium noted on Schedule 23 in addition to the charges stated on the tariff page for the particular class of service.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 3) Refer to Kenergy's application at Exhibit 3, Tab B, the proposed tariff for Schedule 15, Private Outdoor Lighting. Explain why Kenergy has increased the categories under "Type Light" for its service to this customer class.

Response) Kenergy has listed each separate light vs. showing a range on the existing tariff. Also, the metal halide lights have been added. Kenergy is proposing to combine existing tariff sheets 11 and 14 into the proposed Schedule 15. Except for the new metal halide lights, Kenergy is not increasing the number of lights being offered.

Witness) Steve Thompson

Item 4) Refer to Kenergy's application at Exhibit 3, Tab B, the proposed tariff for Schedule 16, Street Lighting Service. Explain why Kenergy has increased the categories under "Type Light" for its service to this customer.

Response) See response to Item 3.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 5) Refer to Kenergy's application at Exhibit 3, Tab B, the proposed tariff for Schedule 23, Renewable Resource Energy Service Rider.

a. Explain why the rate schedules included under this rider have changed from the previously approved tariff.

b. Explain why Kenergy eliminated the Member Discount Adjustment Rider for this schedule.

Response) **a)** The only changes made were text changes as noted.

b) The member or wholesale discount adjustment rider expired August 31, 2008. See existing tariff Schedule No. 22.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 6) Refer to Kenergy's application at Exhibit 3, Tab B, the proposed tariff for Schedule 76, Cable Television Attachment Tariff. In Kenergy's presentation of the cost justification, footnote 1 indicates that the weighted average cost for the poles was calculated on the installed plant cost as of 12/31/07. For clarification, is the installed cost the gross or net cost of the poles?

Response) It is the gross cost of the poles.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 7) Refer to Kenergy's application at Exhibit 3, Tab B, Schedule 162, Deposits. Kenergy's proposed deposit is $190, calculated in accordance with 807 KAR 5:006, Section 7(1)(b). Provide the calculations that Kenergy used to determine the new deposit amount of $190.

Response) The $190 was determined by dividing the proposed revenue of $53,105,745 by the normalized number of residential customers (44,978) to arrive at $98.39 times two (2) months = $196.78 rounded to $190.00 for ease of use. See Exhibit 9, page 1, line 5.

Witness) Steve Thompson

Item 8) Refer to Kenergy's application at Exhibit 9, page 10, lines 13 and 14, which show the current and proposed rates for "unnecessary trip by serviceman."

a. Explain the specific circumstances under which Kenergy would impose this charge.

b. Provide the tariff sheet number where the proposed rate for this service is shown in Kenergy's application at Exhibit 3, Tab A.

c. Provide the tariff sheet number where the present rate for this service is shown in Kenergy's application at Exhibit 3, Tab B.

Response) **a)** When the reported outage is caused by the facilities on the customer's side of the meter.

b) Kenergy has elected to include this charge on Sheet No. 30 in this proceeding.

c) This charge is not included in the current tariffs, as it has been viewed not to be a special charge since the outage was on the customer's side of the meter.

Witness) Steve Thompson

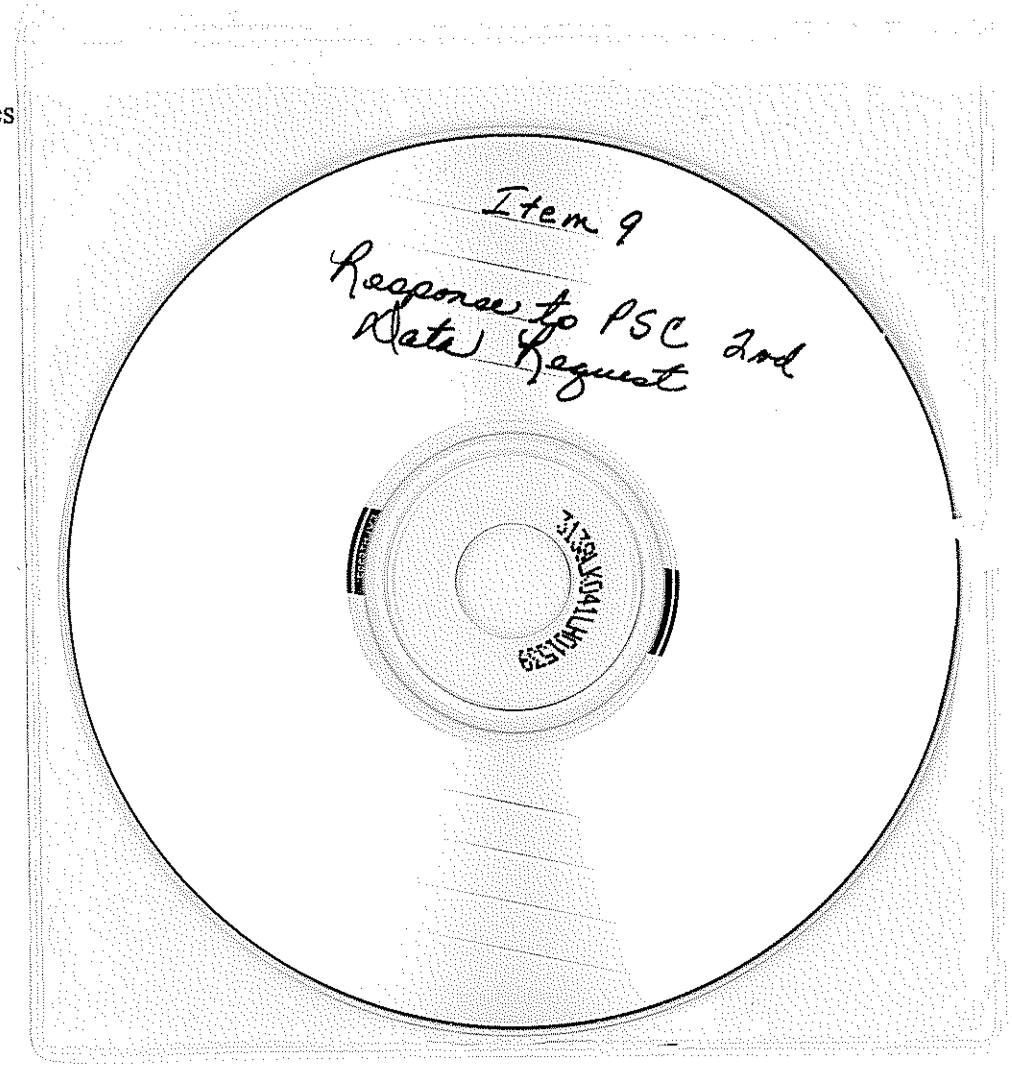
KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 9) Refer to Kenergy's application at Exhibit 8 (Gaines Testimony) and Exhibit 14. Provide an electronic copy of the cost-of-service study in Excel format with all formulas intact and unlocked.

Response) The Cost of Service Study is provided electronically on the CD labeled *Response to PSC 2nd Data Request* in the ***original*** filing of this second data request. The file name is "Kenergy 2007 COS-Case No. 2008-00323".

Witness) Jack Gaines



KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 10) Refer to Kenergy's application at Exhibit 8, page 7, lines 9-13 and Exhibit 14, pages 21-24.

a. Provide a copy of page 21, which is missing from Exhibit 14.

b. Provide a step-by-step narrative of where in the cost-of-service study each of the subfunctionalization steps outlined in Exhibit 8, page 7, lines 9-13 occur.

c. For Exhibit 14, pages 21-24, explain where in the cost-of-service study the respective allocation factors are derived.

Response) **a)** Page 21 is included in the filing. However, there is a page missing between pages 21 and 22. A copy of the missing page is provided as Item 10, page 3 of 3, and it is also included electronically in the Cost of Service provided in response to Item 9. For future reference the printed copy will be page 21a.

b) The sub-functionalization of plant is shown beginning on page 21a and continues through page 24 of Exhibit 14. All of the sub-functionalization ratios referenced in Column C are summarized on page 95. The ratio inputs on lines 7-14 of page 95 are the basis for most of the sub-functionalization ratios found on page 95. The exceptions are cited below. Lines 7-14 show the sub-functional ratios for the major plant accounts. The ratios on these lines are based on historical plant data and the sub-functional purpose of the plant. For example, substation plant is 100% in the "Sub" sub-functional category. The sub-functional ratios from lines 7-17 of page 95 are applied to the test year plant values on lines 28 through 38 of page 21a. Most of the other ratios found on page 95 are directly tied to the sub-functional plant balances from page 21a and 22, either individually or in combination. For example, line 19 of page 95, Dist-OH1, is based upon the combination of the values on lines 29, 30 and 34 of pages 21a and 22. The Labor ratio is developed in a similar way. As shown on pages 37 through 40, labor expense by account is sub-functionalized based upon corresponding sub-functional ratios from page 95. The sub-functionalized distribution operations and maintenance labor expense is totaled on line 121 of pages 39 and 40. The Labor ratio on line 27 of page 95 is based upon line 121 of pages 39 and 40.

Sub-functional ratios not based on an underlying plant ratio include: PPE and PPD, both of which are for assigning purchased power expense to the production function Bill, which is used to sub-functionalize billing costs to Billing; and MTR, which is used to directly sub-functionalize metering costs to metering. As with plant and labor, expenses are sub-functionalized on pages 50 through 58 based upon the sub-functionalization ratios found on page 95.

c) The sub-functionalization ratios are found on page 95. See the response to 10(b) for an explanation of how the ratios are derived.

Witness) Jack Gaines

KENERGY CORP

Functionalization and Subfunctionalization
of Utility Plant Investment (Total System)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
				Functionalization			Subfunctionalization - Distributi							
Line No.	Plant Account	Basis	Balance	Prod.	Trans.	Distribution	Sub-Trans	Subs	Primary	Optional Primary 1-Phase	Transf.	Sec. & Services	3-Phase Meters	1-Phase Meters
	Production Plant													
1	310-316 Steam Generation	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	320-325 Nuclear Generation	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	330-336 Hydraulic Generation	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Transmission Plant													
9	350 Land and Land Rights	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	352-353 Station & Structures	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	354-358 Transmission	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
15	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Subtransmission Plant													
18	350 Land and Land Rights	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
19	352-353 Station & Structures	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	354-358 Transmission	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
23	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
24	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	Total SubTransmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Distribution Plant													
26	360 Land and Land Rights	SUB	$ 902,202	$ -	$ -	$ 902,202	$ -	$ 902,202	$ -	$ -	$ -	$ -	$ -	$ -
27	361 Structures	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
28	362 Station Equipment	SUB	$ 23,951,333	$ -	$ -	$ 23,951,333	$ -	$ 23,951,333	$ -	$ -	$ -	$ -	$ -	$ -
29	364 Poles, Towers, & Fixtures	364	$ 61,856,998	$ -	$ -	$ 61,856,998	$ -	$ -	$ 18,873,127	$ 41,041,561	$ -	$ 1,942,310	$ -	$ -
30	365 Overhead Conductors	365	$ 46,938,161	$ -	$ -	$ 46,938,161	$ -	$ -	$ 14,321,255	$ 31,143,047	$ -	$ 1,473,858	$ -	$ -
31	366 Underground Conduit	366	$ 14,166	$ -	$ -	$ 14,166	$ -	$ -	$ 4,322	$ 9,399	$ -	$ 445	$ -	$ -
32	367 Underground Conductors	367	$ 11,665,566	$ -	$ -	$ 11,665,566	$ -	$ -	$ 3,559,269	$ 7,739,998	$ -	$ 366,299	$ -	$ -
33	368 Line Transformers	TRS	$ 28,007,725	$ -	$ -	$ 28,007,725	$ -	$ -	$ -	$ -	$ 28,007,725	$ -	$ -	$ -
34	369 Services	369	$ 19,624,667	$ -	$ -	$ 19,624,667	$ -	$ -	$ -	$ -	$ -	$ 19,406,127	$ -	$ -
35	370 Meters	MTR	$ 5,020,734	$ -	$ -	$ 5,020,734	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,093,516	$ 3,927,218
36	371 Security Lights	LTS	$ 3,065,306	$ -	$ -	$ 3,065,306	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37	372 Leased Property	CS-2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38	373 Street Lights	LTS	$ 705,642	$ -	$ -	$ 705,642	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	User Defined		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
40	User Defined		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	User Defined		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
42	User Defined		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43	Total Distribution		$ 201,752,500	$ -	$ -	$ 201,752,500	$ -	$ 24,853,535	$ 36,757,974	$ 79,934,006	$ 28,007,725	$ 23,189,038	$ 1,093,516	$ 3,927,218
44	Total SubTrans. & Distr.		$ 201,752,500	$ -	$ -	$ 201,752,500	$ -	$ 24,853,535	$ 36,757,974	$ 79,934,006	$ 28,007,725	$ 23,189,038	$ 1,093,516	$ 3,927,218

Item 11) Refer to Kenergy's application at Exhibit 8, page 7, lines 17-21.

a. Provide an explanation of where the minimum intercept methodology for accounts 364 – 38 is performed. If the worksheets are not in Exhibit 14, provide the calculations and worksheets.

b. Explain how the minimum intercept methodology allows for a portion to be allocated to the Sec. & Services column in Exhibit 14, pages 25 and 29.

Response) **a)** The Cost of Service Study is provided electronically on the CD labeled *Response to PSC 2nd Data Request* in Item 9, page 2 of 2. The file name is "Kenergy 2007 COS-Case No. 2008-00323".

b) The amounts on pages 25 and 29 show the amounts from page 21a classified as demand-related or consumer-related, respectively. The minimum-intercept method is not used to determine the portion of plant sub-functionalized as secondary and services. That calculation is made on page 21a as explained in the response to Item 10b. The minimum-intercept method is used to determine the demand and consumer related portions of Accounts 364, 365, 366, 367, 368 and 369 after they are sub-functionalized on page 21a.

Witness) Jack Gaines

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 12) Refer to Kenergy's application at Exhibit 14, line 34, pages 22, 25, 29 and 34.

a. Explain what comprises line 34, account 369 Services, and why a small portion is directly assigned to Security Lights.

b. Explain where in the cost-of-service study the allocation factors for the demand-related, consumer-related and direct assignment portions of account 369 are derived.

c. Explain why line 38, account 373 Street Lights, is directly assigned to Security Lights.

Response) **a)** Line 34 is Account 369-Services which, per the Uniform System of Accounts, includes the installed cost of underground and overhead conductor from the last pole of the overhead system to the customer's point of connection. As of the end of the test year, Account 369 contained a balance of $218,540 of investment in duplex conductor. Duplex conductor is used for street and security lighting so the investment is directly assigned to lights.

b) The sub-functional ratios for Exhibit 14, line 34, pages 21a and 22 are found on page 95. The classification ratios for line 34 for pages 25, 29, and 34 are found on pages 96 – 99.

c) Due to the similarity of the services, and for simplicity, Kenergy has combined street lights and security lights for cost of service purposes.

Witness) Jack Gaines

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 13) Refer to Kenergy's application at Exhibit 14, lines 45-55, pages 23-24, 27-28, 31-32 and 35-36.

a. Provide a step-by-step explanation of where in the cost-of-service study the labor allocation factors are derived.

b. Explain the rationale for directly assigning the various expenses all to Security Lights.

Response) **a)** The sub-functional ratios for pages 23 and 24 come from line 27 of page 95. See the response to 10b for an explanation of how this ratio is derived. The classification ratios on pages 27, 28, 31, 32, 35 and 36 come from line 27 of pages 96 through 100.

The Labor classification ratios found on line 27 of pages 95 through 101 are based upon the classified labor found on line 121 of pages 43, 44, 47 and 48. The basis for each labor classification ratio used by expense account is shown in column C. The basis can be cross-referenced to column C of pages 95-101. Labor expenses are classified on pages 41 – 48 by applying the classification ratios from pages 95 through 101 to the labor cost by expense account. In each case the expense account to which the labor is assigned is cross-referenced with the associated plant account or accounts such that the labor is functionalized or classified on the basis of the corresponding plant accounts.

b) The amounts directly assigned to the Security Lights class in column U of the referenced page are a result of the sub-functionalization of plant shown on page 24. See the response to Item 12a. In the process of responding to this request it was determined that six pages showing the labor breakdown for direct assignments were not included in the filing. The related pages are provided in Item 14, pages 4 – 9 of 9 and numbered 48a, 48b, 48c, 48d, 48e and 48f.

Witness) Jack Gaines

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 14) Refer to Kenergy's application at Exhibit 14, pages 37-40.

a. There do not appear to be an analogous Functionalization and Subfunctionalization of Labor Total System for the General Plan Accounts found on page 23. Similarly, there do not appear to be analogous sheets for the demand-related and consumer-related General Plant Accounts found on pages 27 and 31. Explain whether a part of the analysis is missing and, if not, where in the cost-of-service study the labor allocation factors are derived.

b. Provide a step-by-step explanation of where in the cost-of-service study each of the allocation factors on pages 37 – 40 in column C, Basis, are derived.

c. Provide a step-by-step explanation of how the Total System labor amounts were divided into demand- and consumer-related amounts.

d. Provide an explanation of where in the cost-of-service study the demand- and consumer-related ratios are derived.

Response) **a)** Item 14, pages 4 – 9 of 9 contain the missing parts of the analysis. The Labor sub-functionalization ratios are found on line 27 of page 95 and the classification ratios are found on line 27 of pages 96 through 101. Refer to the responses to 10b and 13a for an explanation of how the factors are derived.

b) They are found on page 95. Refer to the response to 10b for an explanation of how the factors are derived.

c) Refer to 13a for an explanation of how the ratios are derived.

d) The demand and consumer related classification ratios are found on pages 96 – 99. As with sub-functionalization, the direct classifications of the major plant accounts, shown on lines 7 – 14 of pages 96 and 97 and numbered lines 6 through 13 of pages 98 and 99, are the basis for most of the classification ratios found on pages 96 through 99. Substations are 100% demand related, meters are 100% consumer related and the minimum intercept method is used to determine the demand and consumer related portions of Accounts 364, 365, 366, 367, 368 and 369. The demand-related ratios from 96 and 97 are applied to the sub-functionalized plant values on pages 23 and 24 to product the demand related plant on pages 25 and 26. The consumer related ratios from 98 and 99 are applied to the sub-functionalized plant values on pages 23 and 24 to product the consumer related plant on pages 27 and 28. Most of the other ratios found on pages 96 through 99 are directly tied to the classified plant balances, individually or in combination, from pages 24 and 26 for demand related plant and pages 29 and 30 for consumer related plant. For example, on line 19 of page 96, Dist-OH1 is based upon the combination of the values on lines 29, 30 and 34 of pages 25 and 26. The Labor classification ratios are developed in a similar way. Labor expense by expense account is classified based upon corresponding classification ratios from pages 96 through 99. The demand related Labor ratios in each column on line 27 of page 96 are based upon the amounts in each respective column on line 121 of pages 43 and 44 divided by the corresponding amounts on line 121 of pages 39 and 40. The consumer related Labor ratios in each column on line 27 of pages 98 and 99 are based upon the amounts in each respective column on line 121 of pages 47 and 48 divided by the corresponding amounts on line 121 of pages 39 and 40.

Exceptions include PPE, PPD, both of which are for assigning purchased power expense directly to demand or consumer, Bill, which is used to classify billing costs to consumer, and MTR, which is used to directly classify metering costs to consumer. As with plant and labor, demand related expenses are classified on pages 65 through 74 based upon the classification ratios found on page 96. Consumer related expenses are classified on pages 75 through 84 based upon the classification ratios found on page 98.

Witness) Jack Gaines

KENERGY CORP

Determination of Labor Classification (Direct Assignment)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
				Functionalization										Subfunctionalization
Line No.	Cost Item	Basis	Balance	Prod.	Trans.	Distribution	Sub-Trans	Subs	Primary	Optional Primary 1-Phase	Transf.	Sec. & Services	3-Phase Meters	1-Phase Meters
	Generation:													
1	Fixed Costs	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Variable Costs (Excl. Fuel)	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Fuel	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	Direct G&T Labor	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9	Total Generation Costs		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Transmission Operations:													
10	560 - Operations Supervision	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	561 - Load Dispatching	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	562 - Station Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	563 - Overhead Line Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	564 - Underground Line Exp.	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
15	565 - Transmission By Others	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	566 - Miscellaneous	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	567 - Rents	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
18	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
19	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	Subtotal - Transmission Operations		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Transmission Maintenance:													
23	568 - Operations Supervision	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
24	569 - Structures	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	570 - Station Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	571 - Overhead Line Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
27	572 - Underground Line Exp.	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
28	573 - Miscellaneous	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
31	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
32	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
33	Subtotal - Transmission Maintenance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Subtotal - Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Subtransmission Operations:													
35	560 - Operations Supervision	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	561 - Load Dispatching	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37	562 - Station Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38	563 - Overhead Line Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	564 - Underground Line Exp.	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
40	565 - Transmission By Others	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	566 - Miscellaneous	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
42	567 - Rents	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

KENERGY CORP

Determination of Labor Classification (Direct Assignment)

A	B	C	D	P	Q	R	S	T	U	V
				n - Distribution						
Line No.	Cost Item	Basis	Balance	Metering	Billing	Consumer Services 1	Consumer Services 2	Consumer Services 3	Security Lights	Street Lights
	Generation:									
1	Fixed Costs	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Variable Costs (Excl. Fuel)	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Fuel	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	Direct G&T Labor	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	User Defined	PROD	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9	Total Generation Costs		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Transmission Operations:									
10	560 - Operations Supervision	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	561 - Load Dispatching	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	562 - Station Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	563 - Overhead Line Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	564 - Underground Line Exp.	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
15	565 - Transmission By Others	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	566 - Miscellaneous	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	567 - Rents	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
18	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
19	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	Subtotal - Transmission Operations		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Transmission Maintenance:									
23	568 - Operations Supervision	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
24	569 - Structures	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	570 - Station Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	571 - Overhead Line Expense	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
27	572 - Underground Line Exp.	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
28	573 - Miscellaneous	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
31	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
32	User Defined	TRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
33	Subtotal - Transmission Maintenance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Subtotal - Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Subtransmission Operations:									
35	560 - Operations Supervision	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	561 - Load Dispatching	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37	562 - Station Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38	563 - Overhead Line Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	564 - Underground Line Exp.	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
40	565 - Transmission By Others	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	566 - Miscellaneous	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
42	567 - Rents	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

KENERGY CORP

Determination of Labor Classification (Direct Assignment)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
				Functionalization			Subfunctionalization							
Line No.	Cost Item	Basis	Balance	Prod.	Trans.	Distribution	Sub-Trans	Subs	Primary	Optional Primary 1-Phase	Transf.	Sec. & Services	3-Phase Meters	1-Phase Meters
46	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
47	Subtotal - Subtransmission Operations		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Subtransmission Maintenance:													
48	568 - Operations Supervision	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
49	569 - Structures	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
50	570 - Station Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
51	571 - Overhead Line Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
52	572 - Underground Line Exp.	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
53	573 - Miscellaneous	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
54	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
55	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
56	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
57	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
58	Subtotal - Subtransmission Maintenance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
59	Subtotal - Subtransmission O&M		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Distribution Operations:													
60	580 - Operations Supervision	DOL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
61	581 - Load Dispatching	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
62	582 - Station Expense	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
63	583 - Overhead Line Expense	DIST-OH2	$ 446	$ -	$ -	$ 446	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
64	584 - Underground Line Exp.	DIST-OH2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
65	585 - Street Lighting	LTS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
66	586 - Meter Expense	MTR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
67	587 - Customer Installations	LTS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
68	588 - Miscellaneous Operations	DOL	$ 496	$ -	$ -	$ 496	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
69	589 - Rents	DIST-2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
70	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
71	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
72	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
73	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
74	Subtotal		$ 942	$ -	$ -	$ 942	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Distribution Maintenance:													
75	590 - Maintenance Supervision	DML	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
76	591 - Load Management	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
77	592 - Station Equipment	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
78	593 - Overhead Lines	DIST-OH1	$ 2,519	$ -	$ -	$ 2,519	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
79	594 - Underground Lines	DIST-OH1	$ 289	$ -	$ -	$ 289	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
80	595 - Line Transformers	TRS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
81	596 - Street Lights	LTS	$ 59,168	$ -	$ -	$ 59,168	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
82	597 - Meters	MTR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
83	598 - Misc. Maintenance	DML	$ 1,056	$ -	$ -	$ 1,056	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
84	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
85	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
86	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
87	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
88	Subtotal		$ 63,032	$ -	$ -	$ 63,032	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
89	Subtotal - Distribution O&M		$ 63,974	$ -	$ -	$ 63,974	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

KENERGY CORP

Determination of Labor Classification (Direct Assignment)

A	B	C	D	P	Q	R	S	T	U	V
				n - Distribution						
Line No.	Cost Item	Basis	Balance	Metering	Billing	Consumer Services 1	Consumer Services 2	Consumer Services 3	Security Lights	Street Lights
46	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
47	Subtotal - Subtransmission Operations		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Subtransmission Maintenance:									
48	568 - Operations Supervision	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
49	569 - Structures	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
50	570 - Station Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
51	571 - Overhead Line Expense	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
52	572 - Underground Line Exp.	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
53	573 - Miscellaneous	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
54	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
55	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
56	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
57	User Defined	SUBTRANS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
58	Subtotal - Subtransmission Maintenance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
59	Subtotal - Subtransmission O&M		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Distribution Operations:									
60	580 - Operations Supervision	DOL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
61	581 - Load Dispatching	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
62	582 - Station Expense	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
63	583 - Overhead Line Expense	DIST-OH2	$ 446	$ -	$ -	$ -	$ -	$ -	$ 446	$ -
64	584 - Underground Line Exp.	DIST-OH2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
65	585 - Street Lighting	LTS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
66	586 - Meter Expense	MTR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
67	587 - Customer Installations	LTS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
68	588 - Miscellaneous Operations	DOL	$ 496	$ -	$ -	$ -	$ -	$ -	$ 496	$ -
69	589 - Rents	DIST-2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
70	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
71	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
72	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
73	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
74	Subtotal		$ 942	$ -	$ -	$ -	$ -	$ -	$ 942	$ -
	Distribution Maintenance:									
75	590 - Maintenance Supervision	DML	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
76	591 - Load Management	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
77	592 - Station Equipment	SUB	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
78	593 - Overhead Lines	DIST-OH1	$ 2,519	$ -	$ -	$ -	$ -	$ -	$ 2,519	$ -
79	594 - Underground Lines	DIST-OH1	$ 289	$ -	$ -	$ -	$ -	$ -	$ 289	$ -
80	595 - Line Transformers	TRS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
81	596 - Street Lights	LTS	$ 59,168	$ -	$ -	$ -	$ -	$ -	$ 59,168	$ -
82	597 - Meters	MTR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
83	598 - Misc. Maintenance	DML	$ 1,056	$ -	$ -	$ -	$ -	$ -	$ 1,056	$ -
84	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
85	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
86	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
87	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
88	Subtotal		$ 63,032	$ -	$ -	$ -	$ -	$ -	$ 63,032	$ -
89	Subtotal - Distribution O&M		$ 63,974	$ -	$ -	$ -	$ -	$ -	$ 63,974	$ -

KENERGY CORP

Determination of Labor Classification (Direct Assignment)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
				Functionalization			Subfunctionalization							
Line No.	Cost Item	Basis	Balance	Prod.	Trans.	Distribution	Sub-Trans	Subs	Primary	Optional Primary 1-Phase	Transf.	Sec. & Services	3-Phase Meters	1-Phase Meters
	Customer Accounts:													
90	901 - Supervision	CAL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
91	902 - Meter Reading	MTRNG	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
92	903 - Customer Records	BILL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
93	904 - Uncollectible Accounts	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
94	905 - Miscellaneous	CAL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
95	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
96	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
98	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
99	Subtotal - Customer Accounts		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
100	Customer Service:													
101	907 - Supervision	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
102	908 - Customer Assistance	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
103	909 - Advertising	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
104	910 - Miscellaneous	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
105	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
106	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
107	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
108	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
109	Subtotal - Customer Service		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Sales:													
110	911 - Supervision	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
111	912 - Demonstrating	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
112	913 - Advertising	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
113	914 - Key Accounts	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
114	915 - Costs	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
115	916 - Miscellaneous	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
116	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
117	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
118	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
119	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
120	Subtotal - Sales		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
121	Distribution O & M Before A & G		$ 63,974	$ -	$ -	$ 63,974	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
122	A&G Labor	GP	$ 15,030	$ -	$ -	$ 15,030	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
123	Total Labor		$ 79,004	$ -	$ -	$ 79,004	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

KENERGY CORP

Determination of Labor Classification (Direct Assignment)

A	B	C	D	P	Q	R	S	T	U	V
				n - Distribution						
Line No.	Cost Item	Basis	Balance	Metering	Billing	Consumer Services 1	Consumer Services 2	Consumer Services 3	Security Lights	Street Lights
	Customer Accounts:									
90	901 - Supervision	CAL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
91	902 - Meter Reading	MTRNG	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
92	903 - Customer Records	BILL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
93	904 - Uncollectible Accounts	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
94	905 - Miscellaneous	CAL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
95	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
96	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
98	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
99	Subtotal - Customer Accounts		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
100	Customer Service:									
101	907 - Supervision	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
102	908 - Customer Assistance	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
103	909 - Advertising	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
104	910 - Miscellaneous	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
105	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
106	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
107	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
108	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
109	Subtotal - Customer Service		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Sales:									
110	911 - Supervision	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
111	912 - Demonstrating	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
112	913 - Advertising	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
113	914 - Key Accounts	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
114	915 - Costs	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
115	916 - Miscellaneous	CS-1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
116	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
117	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
118	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
119	User Defined	0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
120	Subtotal - Sales		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
121	Distribution O & M Before A & G		$ 63,974	$ -	$ -	$ -	$ -	$ -	$ 63,974	$ -
122	A&G Labor	GP	$ 15,030	$ -	$ -	$ -	$ -	$ -	$ 15,030	$ -
123	Total Labor		$ 79,004	$ -	$ -	$ -	$ -	$ -	$ 79,004	$ -

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 15) Refer to Kenergy's application at Exhibit 14, page 95. Explain where in the cost-of-service study the individual factors found in Column C are derived.

Response) Refer to response 10b for an explanation of how the ratios are derived.

Witness) Jack Gaines

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 16) Refer to Kenergy's application at Exhibit 14, pages 96-99. Explain where in the cost-of-service study the respective demand- and consumer-related classification ratios were derived.

Response) Please refer to 14(d) for an explanation of how the ratios are derived.

Witness) Jack Gaines

Item 17) Refer to Kenergy's application at Exhibit 14, page 102. Explain where in the cost-of-service study each of the allocation factors is derived.

Response) The table on page 102 summarizes allocation factors derived on pages 103 through 108. The reference for each factor is as follows:

Allocator	Reference
1 Energy	Page 104, KWH on line 10, ratio shown on line 11
3 Production	Page 104, KWH on line 8, ratio shown on line 9
7&8 Subtrans. & Sub	Page 105, KW on line 8, ratio shown on line 9
9 Demand Prim.MP	Page 106, KW on line 17, ratio shown on line 18
10 Demand Prim. SP	Page 106, KW on line 13, ratio shown on line 14
11 Cons. Prim. MP	Page 103, Consumers on line 13, ratio shown on line 14
12 Cons. Prim. SP	Page 103, Consumers on line 9, ratio shown on line 10
13 Meters TP	Page 107, lines 14-17
14 Demand – Sec	Page 106, KW on line 11, ratio shown on line 12
15 Cons – Sec	Page 107, Consumers on line 7, ratio shown on line 8
16 Cons – Trans	Page 107, Consumers on line 10, ratio shown on line 11
17 Meters SP	Page 107, second table, lines 10 through 12
18 Metering	Page 107, second table, lines 2 through 5
19 Billing	Page 107, second table, lines 6 through 9
20 CS 1	Page 108, lines 2-5

Witness) Jack Gaines

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 18) Refer to Kenergy's application at Exhibit 14, pages 104-106. Page 104 at line 6 lists Kenergy's non-coincident peak ("NCP") demand as 222,266 KW. However, on line 8 the same figure is listed as a modified coincident peak ("CP") demand. On page 105 on line 5, 222,266 KW is listed as a contribution to system peak (total system column), which seems to indicate that the figure refers to a CP. On page 106 at line 5, 314,860 KW is listed as maximum demand class NCP in the total system column.

a. Explain what the 222,266 KW figure represents and how it was derived.

b. Explain what the 314,860 KW figure represents and how it was derived.

c. Explain how the Average and Excess Method was used on page 105. Include in the response whether or not the system load factor was used and the value of the load factor.

d. Page 106 appears to also use the Average and Excess method to derive an excess demand figure. Explain why the CP demand was not used to calculate excess demand, as opposed to using NCP demand.

e. On page 106, explain how line 7 was derived and its relation to line 6.

f. On page 104, lines 6 and 8, and page 105, lines 5, 6, 8, and 12 contain equal values. On page 106, liens 8, 17, and 19 also contain equal values. However, the total system value of 222,266 KW is common to all of these lines on the three pages. Explain why the class values are different across these pages.

Response) **a)** For non-direct served sales, Kenergy is billed by Big Rivers based on Kenergy's monthly non-coincident peak ("NCP") demands relative to Big Rivers. The 222,266 KW shown on line 6 is the 12 month average of Kenergy's NCP demands as normalized for the growth adjustment applied to KWH sales. The calculation is as follows:

Test Year Non-Direct Served KWH Purchases	1,235,848,654
Test Year Avg. of Non-Direct Served Monthly KW Purchased	÷ 221,306
Ratio	5,584.34
Hours Per Year	÷ 8,760
Average Month Load Factor	63.75%
Growth Adjusted Non-Direct Served KWH Purchased	1,241,243,969
Ratio	÷(.6375x8,760)
Adjusted Test Year Average Monthly NCP	222,266

The 222,266 also appears on line 8 as a "CP" demand. This is because the class contributions to the Kenergy NCP demands are the class demands coincident with the Kenergy peaks, or the Kenergy NCP demands relative to Big Rivers. On line 5 of page 105, the same demand is described as contribution to system peak which is another way to describe the same value.

b) The 314,860 KW is the sum of the calculated class maximum annual demands.

c) The Average and Excess approach was not used on page 105. It is used on page 106 to produce the demand allocations shown on line 8, which are used for allocation factors on line 9. The methodology combines the effects of class peak demand and class average demand to product an allocation factor that has an energy weight and a peak demand weight. In this way, demand related costs associated with the primary distribution system can be allocated based in part on the class peak demand and in part on the basis of system utilization as measured by the energy delivered over the system.

Witness) Jack Gaines

Item 19) On Kenergy's website, there is a promotional campaign wherein Kenergy will award a $300 rebate to all customers replacing a gas water heater with an electric water heater.

a. Provide a list of all other current Kenergy campaigns that promote a switch from an alternative source of energy to electricity.

b. For the water heater campaign and each of the other campaigns listed in response to (a) above, provide separately the following:

(1) The date of inception of the campaign.

(2) The total amount of rebates paid to all customers for each of the last five calendar years and the current year up through the date of Kenergy's response to this request.

(3) The amount of rebates included in test year operations stating the accounts, by name and number, in which test year rebates were recorded.

(4) The analysis used to determine the amount of the rebate.

(5) The estimated monthly electric usage of each electric device (water heater) for which a rebate is provided.

(6) The length of time it will take for Kenergy to recover the rebate amounts through the additional sales generated from the electric appliance/water heater.

(7) The analysis performed to determine the length of time provided in response to (5) above.

(8) An explanation of the consideration that was given to the additional load and electric generation requirements resulting from the additional electric devices on Kenergy's wholesale electric provider, Big Rivers Electric Corporation.

(9) An explanation of the consideration given to requiring that the electric water heater rebate be conditional upon the use of a timer device that cycles the water heater off during peak usage hours.

Response) The Electric Water Heater Conversion Program began in January 2005. Big Rivers Electric Corporation provided the analysis and determined the rebate incentive for the three member cooperatives: Kenergy Corp., Jackson Purchase Energy and Meade County RECC. Members receive $300 to convert their natural gas or propane gas water heater to an energy efficient electric water heater. The water heater must be a 40 gallon minimum and have a minimum Energy Factor of .90 to qualify for the rebate. Kenergy pays one-third ($90) of the rebate and Big Rivers' pays two-thirds of the rebate ($210).

a) In addition to the electric water heater conversion incentive, Kenergy offers an incentive for dual-fuel (add-on) heat pumps. Kenergy will pay a $90 per ton (cooling capacity) incentive to customers who replace an old inefficient condenser with a high efficiency heat pump (13 SEER minimum). The heat pump operates until the outdoor temperature reaches approximately 32 degrees Fahrenheit and then switches to the fossil fuel furnace. The combination of heat pump and fossil fuel furnace results in a substantial savings to the customer.

b-1) The water heater and dual-fuel campaign started in January 2005.

b-2) Water Heater Incentives

Year	Kenergy	Big Rivers	Total
2005	$ 3,240	$ 7,560	$10,800
2006	$ 5,400	$12,600	$18,000
2007	$ 4,500	$10,500	$15,000
2008 (Jan.-Sept.)	$ 3,690	$ 8,610	$12,300
Total	$16,830	$39,270	$56,100

Dual-Fuel Incentives

Year	Kenergy	Big Rivers	Total
2005	$ 2,280	$ 4,740	$ 7,020
2006	$ 7,872	$16,258	$24,130
2007	$ 9,465	$18,930	$28,395
2008 (Jan.-Sept.)	$11,340	$22,680	$34,020
Total	$30,957	$62,608	$93,565

b-3) The following water heater and dual-fuel incentives were paid in 2007 and charged to Account 908.000 Customer Assistance expenses:

Water Heater - $4,500

Dual-Fuel - $9,465

b-4) Big Rivers Electric Corporation (BREC) drafted the water heater conversion program and dual-fuel program for Kenergy Corp., Jackson Purchase Energy and Meade County RECC. Russ Pogue, from Big Rivers Electric Corporation, provided the analysis as Item 19, page 5 of 5.

b-5) The estimated monthly electric usage for each water heater was 352 KWH per month.

b-6) It will take Kenergy approximately two years to recover its portion of the $90 rebate.

b-7) See answer to Item 19, b-4.

b-8) No consideration was given for the additional generation requirements.

b-9) Kenergy does not have the advanced metering infrastructure in place to communicate with demand response units for water heaters. A mechanical timer was not considered.

Witness) David Hamilton

End use monthly load profiles based based on study peformed and analysis provided to Cooperative Research Network software using data from Lexington Kentucky The software is named Load Shape

End Use Analysis (residential)
ASHP-WH Assumes 3 ton system

	Ave. Monthly Kw Demand	Energy Use	Wholesale Cost	Wholesale Revenue	Wholesale Net Revenue	Kenergy Wholesale Cost	Retail Revenue	Net Revenue
2005	3.178	8482	$166.26	$452 94	$289.47	$452 94	$475.61	$22.67
2006	3.178	8482	$166 26	$452 94	$289.47	$452 94	$475 61	$22.67
2007	3.178	8482	$167 99	$452 94	$287 74	$452.94	$475.61	$22.67
2008	3.178	8482	$169 72	$452 94	$286 01	$452 94	$475 61	$22.67
2009	3.178	8482	$171 45	$452 94	$284 28	$452 94	$475 61	$22 67
2010	3 178	8482	$173 18	$452 94	$282 55	$452 94	$475.61	$22 67
2011	3 178	8482	$190.48	$452 94	$265 25	$452 94	$475.61	$22 67

End Use Analysis (residential)
GSHP-Desuperheater WH Assumes 4 ton system

	Ave. Monthly Kw Demand	Energy Use	Wholesale Cost	Wholesale Revenue	Wholesale Net Revenue	Kenergy Wholesale Cost	Retail Revenue	Net Revenue
2005	3 31	10262	$201.15	$502 58	$304.66	$502 58	$575.42	$72 84
2006	3 31	10262	$201 15	$502.58	$304 66	$502 58	$575.42	$72 84
2007	3.31	10262	$203 24	$502 58	$302 57	$502 58	$575.42	$72 84
2008	3 31	10262	$205.34	$502 58	$300.47	$502 58	$575.42	$72 84
2009	3 31	10262	$207.43	$502.58	$298 38	$502 58	$575.42	$72 84
2010	3.31	10262	$209.52	$502 58	$296 29	$502 58	$575.42	$72 84
2011	3 31	10262	$230.46	$502 58	$275 35	$502 58	$575.42	$72 84

End Use Analysis Heating Season
Air Source Add On Assumes 2 5 ton replacement

	Ave. Monthly Kw Demand	Energy Use	Wholesale Cost	Wholesale Revenue	Wholesale Net Revenue	Kenergy Wholesale Cost	Retail Revenue	Net Revenue
2005	1 06	2484	$48.69	$107.66	$58.68	$107.66	$139.29	$31.63
2006	1 06	2484	$48.69	$107.66	$58 68	$107.66	$139.29	$31 63
2007	1 06	2484	$49.20	$107.66	$58 17	$107.66	$139.29	$31 63
2008	1 06	2484	$49 70	$107.66	$57.67	$107 66	$139.29	$31 63
2009	1 06	2484	$50.21	$107.66	$57 16	$107 66	$139.29	$31.63
2010	1.06	2484	$50.72	$107.66	$56.65	$107.66	$139.29	$31.63
2011	1 06	2484	$55.78	$107.66	$51 59	$107 66	$139.29	$31.63

End Use Analysis (residential)
Water Heater

	Ave. Monthly Kw Demand	Energy Use	Wholesale Cost	Wholesale Revenue	Wholesale Net Revenue	Kenergy Wholesale Cost	Retail Revenue	Net Revenue
2005	1 155	4224	$82.80	$189 26	$107 73	$189.26	$236 85	$47.60
2006	1 155	4224	$82.80	$189.26	$107 73	$189.26	$236.85	$47 60
2007	1 155	4224	$83.66	$189.26	$106 87	$189.26	$236 85	$47 60
2008	1 155	4224	$84 52	$189.26	$106 01	$189.26	$236.85	$47 60
2009	1 155	4224	$85.38	$189.26	$105.15	$189.26	$236.85	$47 60
2010	1 155	4224	$86.24	$189.26	$104 29	$189.26	$236.85	$47 60
2011	1 155	4224	$94 86	$189.26	$95.67	$189.26	$236.85	$47 60

Notes: *Demand represents the average monthly peak demand for each piece of equipment as measured by the Cooperative Research Network and published as the Load Shape data base*
Energy Use represents the annual energy consumption of each piece of equipment as measured by the Cooperative Research Network and published as the Load Shape data base
Cost of wholesale power purchased by Big Rivers to supply the incremental load described in the analysis
Revenue derived from sale to Kenergy to supply additional load
Wholesale Revenue less Wholesale Cost
Cost of wholesale power purchased by Kenergy to supply the incremental load described in the analysis
Retail revenue derived from sales to residential customer for new equipment
Retail Revenue less Wholesale Cost

KENERGY CORP.
RESPONSE TO THE COMMISSION'S SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 20) Refer to Kenergy's application at Exhibit 5, page 5, line 1 and line 2.

a. Provide the calculation for unbilled revenues at December 31, 2006 in the amount of $7,087,316 and at December 31, 2007 in the amount of $7,971,563.

b. Provide a description of Kenergy's billing process that includes a discussion of its meter reading routes and billing cycles.

c. For each meter reading route, state the number of unbilled days included in the determination of unbilled revenues at December 31, 2006 and December 31, 2007.

Response) **a)** Item 20, pages 2-5 of 5 contain the above referenced information.

b) Kenergy has non-dedicated and dedicated customer classes. The unbilled revenues and power costs on Exhibit 5, page 5, apply only to the non-dedicated customer classes. All of the dedicated customer classes have an end-of-month meter reading date for both revenue and power cost booking purposes. There are 12 separate monthly billing cycles (see Exhibit 3A, Sheet 163) with customer-read meters (except for three-phase bills). The customer submits the meter reading when paying their bill. This results in an approximate two-month lag from usage until the bill is received, (i.e. the January 2, 2008 billing is for November 8 through December 8, 2007 usage.

c) Item 20, page 6 of 6, contains the above referenced information.

Witness) Steve Thompson

KENERGY
UNBILLED REVENUE @ 12/31/07

LINE LOSS
4.75%

RATE OF RETURN
0.06306

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS 4.75%	KWH SALES	REVENUE @ .06306 PER KWH	RATE OF RETURN	
DECEMBER 2007 RURAL SYSTEM POWER (All unbilled at 12/31/07)	110,864,110	5,266,045	105,598,065	$6,659,013.96	0.06306	(Estimated) including WDAR
ADD JANUARY 2008 BILLINGS WITH NOVEMBER 2007 USAGE UNBILLED AT 12/31/07 (SEE ATTACHED)			35,713,559	$2,252,097.05	0.06306	(Estimated return on Jan 07 Billings-including WDAR)
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/07			141,311,624	$8,911,111.01	0.06306	
UNBILLED REVENUE BOOKED @ 12/31/07			118,989,525 (2)	$7,661,562.68 (1)	0.064389	
DIFFERENCE			22,322,099	$1,249,548.33	0.05598	

****

ESTIMATED MARGINS	$3,096,948.89
AMOUNT TO BOOK FOR 2007	$310,000.00 (1)
KWH TO BOOK	4,948,125 (2)

special entry to record Approx. 10% of Margins, in an Attempt to eventually reach the total unbilled at the end of year.

Booked Unbilled At 12/31/07

(1) = $7,991,563

(2) = 123,937,721 KWH

KENERGY
UNBILLED REVENUE
12/31/2007

JAN	BILLING DATE	USAGE PERIOD	MONTH BOOKED	NOV DAYS NOT BOOKED at 2/31/07		JANUARY BILLINGS (including wda)	KWH	PORTION OF KWH FOR NOV DAYS (FOR CYCLES NOT BILLED) (2)	REVENUE FOR NOV USAGE UNBILLED on 12/31/07	KWH	RATE OF RETURN	
CYCLE 1	1/1/2008	11/08-12/08	JAN	23	(1)	$761,426.77	13,300,062		$583,760.52	10,196,714	0.05725	
CYCLE 3	1/3/2008	11/10-12/10	JAN	21	(1)	$428,224.47	6,447,984		$299,757.13	4,513,569	0.06641	
CYCLE 6	1/6/2008	11/13-12/13	JAN	18	(1)	$457,402.59	7,032,893		$274,441.55	4,219,736	0.06504	
CYCLE 8	1/8/2008	11/15-12/15	JAN	16	(1)	$563,169.22	8,864,373		$311,023.58	4,727,666	0.06579	
CYCLE 10	1/10/2008	11/17-12/17	JAN	14	(1)	$424,844.24	6,491,466		$198,260.65	3,028,360	0.06545	
CYCLE 13	1/13/2008	11/20-12/20	JAN	11	(1)	$764,964.85	12,376,775		$280,487.11	4,538,151	0.06181	
CYCLE 15	1/15/2008	11/22-12/22	JAN	9	(1)	$482,010.68	7,314,499		$144,603.20	2,194,350	0.06590	
CYCLE 17	1/17/2008	11/24-12/24	JAN	7		$0.00	0	1,379,209	$86,349.58	1,379,209	0.06261	(2)
CYCLE 20	Zo 1/27/2008	11/27-12/27	JAN	4		$0.00	0	718,374	$44,976.01	718,374	0.06261	(2)
CYCLE 21	1/21/2008	11/28-12/28	JAN	3		$0.00	0	454,215	$28,437.71	454,215	0.06261	(2)
CYCLE 24	1/24/2008	12/01-1/01	JAN	0		$0.00	0	0	$0.00	0		
CYCLE 27	1/27/2008	12/04-1/04	JAN	0		$0.00	0	0	$0.00	0		
						$3,902,042.82	61,828,072		$2,252,097.05	35,971,363	0.06261	
							0.06311118					

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

(2)

DECEMBER BILLINGS		KWH	%	PERCENTAGE OF NOV POWER COST TO EACH CYCLE	
CYCLE 1	12/1/2007	12,077,368	13.63%	11,882,817	
CYCLE 3	12/3/2007	5,406,955	6.10%	5,318,062	
CYCLE 6	12/6/2007	6,864,064	7.75%	6,758,554	
CYCLE 8	12/8/2007	7,282,466	8.22%	7,166,306	
CYCLE 10	12/10/2007	5,550,812	6.26%	5,457,552	
CYCLE 13	12/13/2007	11,914,670	13.44%	11,717,172	
CYCLE 15	12/15/2007	6,235,823	7.04%	6,137,567	
CYCLE 17	12/17/2007	6,004,029	6.78%	5,910,695	
CYCLE 20	12/27/2007	5,477,601	6.18%	5,387,807	
CYCLE 21	12/21/2007	4,618,823	5.21%	4,542,148	
CYCLE 24	12/24/2007	8,645,615	9.76%	8,508,899	
CYCLE 27	12/27/2007	8,541,471	9.64%	8,404,281	
		88,619,699	100.01%	87,190,061	
				91,538,170	POWER COST
				4,356,827	LINE LOSS
				87,181,343	SALES

KENERGY
UNBILLED REVENUE @ 12/31/06

LINE LOSS 4.57%

RATE OF RETURN 0.06157

	KWH PER DEC RURAL SYSTEM POWER BILL	LINE LOSS 4.57%	KWH SALES	REVENUE @ .06157 PER KWH	RATE OF RETURN	
DECEMBER 2006 RURAL SYSTEM POWER (All unbilled at 12/31/06)	106,953,840	4,887,790	102,066,050	$6,284,206.67	0.06157	(Estimated) Excluding WDAR
ADD JANUARY 2007 BILLINGS WITH NOVEMBER 2006 USAGE UNBILLED AT 12/31/06 (SEE ATTACHED)			34,569,927	$2,128,470.40	0.06157	(Estimated return on Jan 06 Billings-excluding WDAR)
TOTAL ESTIMATED UNBILLED REVENUE @ 12/31/06			136,635,976	$8,412,677.07	0.06157	
UNBILLED REVENUE BOOKED @ 12/31/06			113,485,735 2	$6,987,316.68 1	0.06157	
DIFFERENCE			23,150,242	$1,425,360.39	0.06157	

****

ESTIMATED MARGINS	$0.00
AMOUNT TO BOOK FOR 2006	$100,000.00 1
KWH TO BOOK @ .06157	1,624,168 2

special entry to record approx. 10% of margins, in an attempt to eventually reach the total unbilled at the end of the year.

Booked unbilled at 12/31/06
1 = 7,087,316
2 = 115,109,904 KWH

KENERGY
UNBILLED REVENUE
12/31/2006

JAN	BILLING DATE	USAGE PERIOD	MONTH BOOKED	NOV DAYS NOT BOOKED at 2/31/06		JANUARY BILLINGS (excluding wda)	KWH	PORTION OF KWH FOR NOV DAYS (FOR CYCLES NOT BILLED) (2)	REVENUE FOR NOV USAGE UNBILLED on 12/31/06	KWH	RATE OF RETURN	
CYCLE 1	1/1/2007	11/08-12/08	JAN	23	(1)	$719,128.55	12,948,964		$551,331.89	9,927,539	0.05554	
CYCLE 3	1/3/2007	11/10-12/10	JAN	21	(1)	$407,425.23	6,515,044		$285,197.66	4,560,531	0.06254	
CYCLE 6	1/6/2007	11/13-12/13	JAN	18	(1)	$407,713.61	6,644,961		$244,628.17	3,986,977	0.06136	
CYCLE 8	1/8/2007	11/15-12/15	JAN	16	(1)	$544,469.58	8,886,062		$290,394.44	4,739,244	0.06127	
CYCLE 10	1/10/2007	11/17-12/17	JAN	14	(1)	$398,849.31	6,532,635		$186,129.66	3,048,563	0.06105	
CYCLE 13	1/13/2007	11/20-12/20	JAN	11	(1)	$737,898.49	12,393,287		$270,562.78	4,544,205	0.05954	
CYCLE 15	1/15/2007	11/22-12/22	JAN	9	(1)	$427,818.37	6,931,942		$128,345.51	2,079,583	0.06172	
CYCLE 17	1/17/2007	11/24-12/24	JAN	7	(1)	$400,655.27	6,659,660		$93,486.23	1,553,972	0.06016	
CYCLE 20	1/27/2007	11/27-12/27	JAN	4		$0.00	0	791,641	$47,418.84	791,641	0.05990	(2)
CYCLE 21	1/21/2007	11/28-12/28	JAN	3		$0.00	0	517,120	$30,975.21	517,120	0.05990	(2)
CYCLE 24	1/24/2007	12/01-1/01	JAN	0		$0.00	0	0	$0.00	0		
CYCLE 27	1/27/2007	12/04-1/04	JAN	0		$0.00	0	0	$0.00	0		
						$4,043,978.41	67,512,795		$2,128,470.40	35,749,374	0.05954 ✓	
							0.05989944					

(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	12/1/2006	3,736,612	4.61%	4,013,340	
CYCLE 3	12/3/2006	5,866,665	7.20%	6,268,123	
CYCLE 6	12/6/2006	6,549,202	8.04%	6,999,404	
CYCLE 8	12/8/2006	7,474,013	9.17%	7,983,151	
CYCLE 10	12/10/2006	5,946,686	7.30%	6,355,180	
CYCLE 13	12/13/2006	11,976,104	14.70%	12,797,416	
CYCLE 15	12/15/2006	6,371,402	7.82%	6,807,876	
CYCLE 17	12/17/2006	6,020,240	7.39%	6,433,532	
CYCLE 20	12/27/2006	5,560,239	6.82%	5,937,305	
CYCLE 21	12/21/2006	4,838,057	5.94%	5,171,201	
CYCLE 24	12/24/2006	8,891,548	10.91%	9,497,948	
CYCLE 27	12/27/2006	8,257,012	10.13%	8,818,901	
		81,489,800	100.03%	87,083,381	
				91,320,600	POWER COST
				4,263,336	LINE LOSS
				87,057,264	SALES

BILLING DATE	UNBILLED NOVEMBER DAYS	UNBILLED DECEMBER DAYS	BILLING DATE	UNBILLED DECEMBER DAYS	TOTAL DAYS UNBILLED
January 1	23	8	February 1	23	54
January 3	21	10	February 3	21	52
January 6	18	13	February 6	18	49
January 8	16	15	February 8	16	47
January 10	14	17	February 10	14	45
January 12	11	20	February 12	11	42
January 15	9	22	February 15	9	40
January 17	7	24	February 17	7	38
January 20	4	27	February 20	4	35
January 21	3	28	February 21	3	34
January 24	0	31	February 24	0	31
January 27	0	27	February 27	0	27

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 21) Refer to Kenergy's application at Exhibit 5, page 5, line 10 and line 11.

a. Provide the calculation for unpaid power costs at December 31, 2006 in the amount of $3,835,657 and at December 31, 2007 in the amount of $3,709,924.

b. Explain in full detail what "unpaid power costs" represents and how it relates to unbilled revenues.

Response) **a)** Item 21, pages 2-3 of 3, contain the above referenced information.

b) Unpaid power costs represents the usages from December 1-31 for non-dedicated delivery points, which is not paid until January 25th of the following year. The entire amount of the December power bill is "unbilled" at December 31st (see Item 20, pages 2 and 4) and becomes the main basis for the unbilled revenue adjustment. Therefore, it is imperative to consider both unbilled revenue and unpaid power cost when adjusting the test year as they are directly connected to achieve an accurate line loss percentage.

Witness) Steve Thompson

I N V O I C E

BIG RIVERS ELECTRIC CORP   P.O. BOX 24   HENDERSON, KY 42420

MONTH ENDING 12/31/06

TO: KENERGY CORP - RURALS   ACCOUNT 005 KE

SERVICE FROM 12/01/06 THRU 12/31/06   COINCIDENTAL239.754 12/08 7:00 A

SUBSTATION	COINCIDENTAL KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW/KWH MULT.
Adams Lane	5,670	2,196,030	52.05	59378.190	61574.220	2196.030	1000
Beda	6,726	3,060,850	61.16	25709.720	28770.570	3060.850	1000
Beech Grove	3,830	1,746,780	61.31	13151.630	14898.410	1746.780	1000
Bon Harbor	4,251	2,070,420	65.47	14391.480	16461.900	2070.420	1000
Caldwell Springs	1,944	818,730	56.61	5759.990	6578.720	818.730	1000
Centertown	2,391	940,560	52.87	8055.640	8996.200	940.560	1000
Crossroads	5,463	2,200,250	54.14	14093.180	16293.430	2200.250	1000
Dermont	4,594	2,208,990	64.62	21633.800	23842.790	2208.990	1000
Dixon	4,329	1,767,410	54.88	11086.810	12854.220	1767.410	1000
East Owensboro	2,955	1,416,680	64.44	8909.430	10326.110	1416.680	1000
Geneva	6,205	2,790,740	60.46	8928.910	11719.650	2790.740	1000
Guffie	5,642	2,339,030	55.72	21717.780	24056.810	2339.030	1000
Hanson	2,888	1,057,280	49.21	8636.770	9694.050	1057.280	1000
Hawesville	6,253	2,779,120	59.74	21621.710	24400.830	2779.120	1000
Horse Fork	4,873	3,265,970	90.08	28750.440	32016.410	3265.970	1000
Hudson Substation	4,082	2,460,100	81.00	104917.420	116697.900	11780.480	1000
Lewisport	6,629	3,436,350	69.67	19332.870	22769.220	3436.350	1000
Little Dixie	3,037	1,419,690	62.83	10392.900	11812.590	1419.690	1000
Lyon County	4,571	1,803,760	53.04	14833.890	16637.650	1803.760	1000
Maceo	3,123	1,297,000	55.81	9164.830	10461.830	1297.000	1000
Madisonville	318	218,980	92.67	40.160	259.140	218.980	1000
Marion	6,078	2,435,910	53.87	17957.270	20393.180	2435.910	1000
Masonville	2,281	1,199,450	70.68	11411.190	12610.640	1199.450	1000
Morganfield	8,839	3,737,310	56.83	12910.460	16647.770	3737.310	1000
Niagara	6,668	2,626,440	52.94	18155.860	20782.300	2626.440	1000
Nuckols	5,411	2,077,140	51.60	19507.390	21584.530	2077.140	1000
C[illegible]l	5,071	1,982,220	52.54	16396.120	18378.340	1982.220	1000
[illegible]pot	7,906	3,523,500	59.91	29301.690	32825.190	3523.500	1000
Pleasant Ridge	4,646	1,920,250	55.55	14469.700	16389.950	1920.250	1000
Providence	5,481	2,026,280	49.69	3461.580	5487.860	2026.280	1000
Race Creek	6,020	2,497,650	55.77	17880.090	20377.740	2497.650	1000
Riverport	1,335	635,200	63.95	23324.850	25501.230	2176.380	1000
Sacramento	3,266	1,335,000	54.94	10002.630	11337.630	1335.000	1000
Sebree	4,393	1,863,690	57.02	13127.700	14991.390	1863.690	1000
South Dermont	7,640	4,783,500	84.15	44952.170	49735.670	4783.500	1000
South Hanson	15,980	5,475,080	46.05	46624.470	52099.550	5475.080	1000
South Owensboro	5,579	4,151,210	100.00	42847.540	46998.750	4151.210	1000
St. Joe	3,240	1,533,500	63.62	12303.020	13836.520	1533.500	1000
Stanley	2,696	1,196,930	59.68	9027.770	10224.700	1196.930	1000
Sullivan	3,713	1,488,510	53.88	11407.560	12896.070	1488.510	1000
Thruston	6,914	3,117,060	60.59	25802.970	28920.030	3117.060	1000
Utica	5,651	2,248,340	53.48	18743.640	20991.980	2248.340	1000
Weaverton	4,510	1,876,990	55.94	13881.880	15758.870	1876.990	1000
Weberstown	5,754	2,357,700	55.07	15387.380	17745.080	2357.700	1000
West Owensboro	4,866	2,414,180	66.68	21167.660	23581.840	2414.180	1000
Whitesville	6,428	2,841,360	59.41	23513.310	26354.670	2841.360	1000
Wolf Hills	2,630	1,289,990	65.92	17518.740	18808.730	1289.990	1000
Yeager	44	24,300	73.56	157.030	181.330	24.300	1000
Zion	6,940	3,000,430	58.11	20327.810	23328.240	3000.430	1000
TOTAL	239,754	106,953,840					

ACTUAL DEMAND	239,754 KW TIMES $7.3700000	EQUALS$	1,766,986.98
DISCOUNT ADJUSTMENT -	186,574 X $.6066688-	EQUALS$	113,188.63-
		SUB-TOTAL $	1,653,798.35
ENERGY	106,953,840 KWH AT $.0204000	EQUALS$	2,181,858.34
		SUB-TOTAL $	2,181,858.34
		DEMAND AND ENERGY $	3,835,656.69
		TOTAL AMOUNT DUE $	3,835,656.69

I N V O I C E

BIG RIVERS ELECTRIC CORP   P.O. BOX 24   HENDERSON, KY 42420

MONTH ENDING 12/31/07

TO: KENERGY CORP - RURALS   ACCOUNT 005 KE

S. .ICE FROM 12/01/07 THRU 12/31/07   COINCIDENTAL211.698 12/06 7:00 A

SUBSTATION	COINCIDENTAL KW	KWH	L.F. COIN.	PREVIOUS READING	PRESENT READING	DIFF.	KW/KWH MULT.
Adams Lane	4,557	1,986,460	58.59	87840.860	89827.320	1986.460	1000
Beda	6,052	3,206,150	71.20	60051.190	63247.230	3196.040	1000
Beech Grove	3,201	1,735,460	72.87	31624.450	33359.910	1735.460	1000
Bon Harbor	3,856	2,113,700	73.68	39361.670	41475.370	2113.700	1000
Caldwell Springs	1,691	865,920	68.82	14618.450	15484.370	865.920	1000
Centertown	1,935	937,040	65.08	17015.350	17952.390	937.040	1000
Crossroads	4,704	2,299,750	65.71	36991.890	39291.640	2299.750	1000
Dermont	3,966	2,172,360	73.63	47220.970	49393.330	2172.360	1000
Dixon	4,359	2,099,640	64.74	32352.100	34451.740	2099.640	1000
East Owensboro	2,806	1,503,710	72.03	26729.300	28233.010	1503.710	1000
Geneva	5,158	2,780,260	72.45	37795.820	40576.080	2780.260	1000
Guffie	4,869	2,463,920	68.02	47300.010	49763.930	2463.920	1000
Hanson	2,391	1,137,330	63.93	4640.290	5777.620	1137.330	1000
Hawesville	5,391	2,852,680	71.12	53293.530	56146.210	2852.680	1000
Horse Fork	5,478	3,651,180	89.59	77340.860	80992.040	3651.180	1000
Hudson Substation	4,705	2,440,820	69.73	264502.800	276851.460	12348.660	1000
Lewisport	6,441	3,522,510	73.50	60840.400	64362.910	3522.510	1000
Little Dixie	2,657	1,439,230	72.81	25919.850	27359.080	1439.230	1000
Lyon County	3,758	1,809,920	64.73	35887.910	37697.830	1809.920	1000
Maceo	2,793	1,391,040	66.95	23200.050	24591.090	1391.040	1000
Madisonville	3,778	1,891,830	67.31	14279.650	16171.480	1891.830	1000
Marion	5,229	2,594,150	66.68	43643.070	46237.220	2594.150	1000
Masonville	1,957	1,190,520	81.77	26328.980	27519.500	1190.520	1000
Morganfield	7,808	3,900,950	67.15	54294.920	58195.870	3900.950	1000
Niagara	6,240	2,966,060	63.89	46379.980	49346.040	2966.060	1000
Nuckols	4,452	2,203,620	66.53	45432.950	47636.570	2203.620	1000
Onton	4,215	2,047,520	65.29	36595.190	38642.710	2047.520	1000
Philpot	6,817	3,600,880	71.00	52683.240	56284.120	3600.880	1000
Pleasant Ridge	4,206	2,039,050	65.17	34590.930	36629.980	2039.050	1000
Providence	4,507	1,904,530	56.79	24239.740	26144.270	1904.530	1000
Race Creek	5,424	2,579,660	63.93	45072.530	47652.190	2579.660	1000
Riverport	583	643,700	148.35	50894.550	52994.630	2100.080	1000
Sacramento	2,589	1,362,060	70.72	9175.500	10537.560	1362.060	1000
Sebree	3,664	1,907,650	69.97	33882.240	35789.890	1907.650	1000
South Dermont	6,856	4,563,460	89.47	107284.850	111848.310	4563.460	1000
South Hanson	10,653	4,895,360	61.76	96747.790	101643.150	4895.360	1000
South Owensboro	4,808	3,984,570	111.38	96692.990	100677.560	3984.570	1000
St. Joe	2,890	1,560,670	72.58	30762.490	32323.160	1560.670	1000
Stanley	2,880	1,477,450	68.94	23060.150	24537.600	1477.450	1000
Sullivan	2,644	1,359,150	69.10	27453.700	28812.850	1359.150	1000
Thruston	6,402	3,172,760	66.61	60709.900	63882.660	3172.760	1000
Utica	5,048	2,451,830	65.28	43903.250	46355.080	2451.830	1000
Weaverton	3,830	1,973,090	69.25	34849.420	36822.510	1973.090	1000
Weberstown	5,292	2,546,450	64.68	39319.820	41866.270	2546.450	1000
West Owensboro	4,361	2,525,150	77.83	49457.990	51983.140	2525.150	1000
Whitesville	5,968	2,955,450	66.56	54575.830	57531.280	2955.450	1000
Wolf Hills	2,394	1,345,210	75.54	29883.330	31228.540	1345.210	1000
Yeager	57	26,950	63.55	390.370	417.320	26.950	1000
Zion	5,378	2,785,300	69.61	51641.230	54426.530	2785.300	1000
TOTAL	211,698	110,864,110					

ACTUAL DEMAND	211,698 KW TIMES	$7.3700000	EQUALS$	1,560,214.26
DISCOUNT ADJUSTMENT -	189,504 X $.5905847-		EQUALS$	111,918.16-
			SUB-TOTAL $	1,448,296.10
ENERGY	110,864,110 KWH AT	$.0204000	EQUALS$	2,261,627.84
			SUB-TOTAL $	2,261,627.84
			DEMAND AND ENERGY $	3,709,923.94
			TOTAL AMOUNT DUE $	3,709,923.94

Item 22) Refer to Kenergy's application at Exhibit 5, page 2, line 3.

a. Explain why the adjustments to non-direct revenues and expenses for the "Normalized Wholesale Discount Adjustment" are not of equal amounts as the adjustments are for the direct revenues and expenses.

b. Is Kenergy currently receiving the wholesale discount?

c. If no to (b) above, state the date the discount ceased.

d. If yes to (b) above, state the date Kenergy currently anticipates the discount to cease and provide support for this date.

Response) **a)** Power cost is passed through to direct served customers on a dollar-for-dollar basis without a billing lag and with no over or under recovery so the direct served WDAR revenue for WDA power cost will exactly match power cost in any fiscal period. For the non-direct served tariffs, the WDAR credited by Kenergy is based on a rate per KWH calculated monthly based on the monthly WDA dollar credit from Big Rivers per KWH. The rate per KWH is then applied to customer usage. An over and under recovery mechanism ensures that the correct amount is ultimately an exact pass-through of the credit from Big Rivers but in any fiscal period there will be a difference between revenue and power cost due to the over or under amount and billing lags. The effect on margins has been eliminated in the proforma analysis by eliminating the revenue and expense to reflect the discontinuance of the credit from Big Rivers.

b) No.

c) For usage on or after August 31, 2008.

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Witness) **a)** Jack Gaines

b&c) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 23) Provide the number of employees of Kenergy at the following dates, separating part-time, full-time, seasonal and temporary.

a. September 30, 2008.

b. December 31, 2007.

c. December 31, 2006.

d. December 31, 2005.

e. December 31, 2004

f. December 31, 2003

Response)

		Full Time	Part-Time	Seasonal	Temporary
a)	9/30/08	154			1
b)	12/31/07	155		1	
c)	12/31/06	157	1	2	
d)	12/31/05	161		4	
e)	12/31/04	166	1	12	
f)	12/31/03	162	1	12	

Witness) Keith Ellis

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 24) Refer to Kenergy's application at Exhibit 5, page 7. On this exhibit, $61,279 of test year payroll is designated as "Accounts Receivable." Provide a discussion of the nature of this amount and provide workpapers showing its determination.

Response) There are labor charges to outside parties for Kenergy employee's time such as assistance during outage restoration, meter tampering incidents, vehicle and accident damage. See Exhibit 5, page 70, lines 14-17. Item 24, pages 2-19 of 19, contain the workpapers supporting the amounts billed to outside parties.

Witness) Steve Thomspon

KENERGY

JOURNAL ENTRY

DATE		
12	31	07

DEBIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
142200	9			2202614
142200				2363749

CREDIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
107310	9			2199554
163000	9			3060
252000				67790
252100				164487
903000	044	701		—
903000	045	701		—
903000	048	701		4090
903000	070	720		1921
903000	070	724		235
903000	070	725		585
903000	070	730		473
903000	047	461		1175
903000	048	424		1000
921000	040	419		30465
903000	022	701		1128

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO	TRANS. CODE
0170	515

Prepared By: [signature] Approved By: [signature]

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
113007

DEBIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
142200	9			7792006
142200				1337742

CREDIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
107310	9			7782448
163000	9			9558
252000				157368
252100				1125056
903000	044	701		
903000	045	701		
903000	048	701		2220
903000	070	720		1175
903000	070	724		126
903000	070	725		382
903000	070	730		262
903000	047	461		1175
903000	048	424		3700
921000	040	419		45150
903000	022	701		1128

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO	TRANS. CODE
0170515	

Prepared By: Ms Approved By: [signature]

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
1/03/07

DEBIT ACCOUNT NUMBER	DEBIT RA	DEBIT EAC	DEBIT Line	DEBIT BUDGET/ AMOUNT	CREDIT ACCOUNT NUMBER	CREDIT RA	CREDIT EAC	CREDIT Line	CREDIT BUDGET/ AMOUNT
142200	9			6033485	107310	9			6025549
142200				3065621	163000	9			7936
					252000				478230
					252100				2429096
					903000	043	701		14997
					903000	045	701		—
					903000	048	701		20319
					903000	070	720		8516
					903000	070	724		2650
					903000	070	725		7156
					903000	070	730		3925
					903000	047	461		13168
					903000	048	424		4000
					921000	040	419		75615
					903000	022	701		4512
					108664				3437

EXPLANATION: Accounts Receivable - Customers

ENTRY NO.	TRANS. CODE
01705	15

Prepared By: ms Approved By: JO

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
093007

DEBIT					CREDIT				
ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT	ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
142200				5116624	107310	9—	—		3633636
					163000	9—			9004
					252000				50520
					252100				1286645
					903000	044	701		2705
					903000	045	701		—
					903000	048	701		9481
					903000	070	720		6079
					903000	070	724		1031
					903000	070	725		3379
					903000	070	730		1822
					903000	047	461		10370
					903000	048	424		6700
					921000	040	419		84645
					903000	022	701		6636
					903000	044	700		3971

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO.	TRANS. CODE
0170	515

Prepared By: mr Approved By: [signature]

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
08/31/07

DEBIT ACCOUNT NUMBER	DEBIT RA	DEBIT EAC	DEBIT Line	DEBIT BUDGET/ AMOUNT	CREDIT ACCOUNT NUMBER	CREDIT RA	CREDIT EAC	CREDIT Line	CREDIT BUDGET/ AMOUNT
142200				6323117	1073109				4550495
					1630009				8543
					252000				498290
					252100				173145
					903000	044	701		2705
					903000	045	701		—
					903000	048	701		15841
					903000	070	720		6752
					903000	070	724		1523
					903000	070	725		5310
					903000	070	730		2394
					903000	047	461		13895
					903000	048	424		4000
					921000	040	419		144357
					903000	043	701		5482
					108669				407000
					903000	046	701		2705
					107200	030	960	S/L 1600	480680

EXPLANATION: Accounts Receivable - Customers

ENTRY NO.	TRANS. CODE
0170515	

Prepared By: MS

Approved By: [signature]

Item 24

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KENERGY

JOURNAL ENTRY

DATE
073107

DEBIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT	CREDIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
142200				7288376	107310				613630 4
					163000				6837
903000	045	701		2044	253000				206834
					252100				869303
					903000	044	701		2705
					903000	045	701		—
					903000	048	701		13508
					903000	070	720		5751
					903000	070	724		1848
					903000	070	725		3504
					903000	070	730		4783
					903000	047	461		10474
					903000	048	424		4000
					921000	040	419		15780
					903000	043	701		2834
					903000	046	701		5955

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO.	TRANS CODE
0170	515

Prepared By: JMS Approved By: [signature]

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE: 06 30 07

DEBIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
142200				6248956

CREDIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
107310				5095178
163000				53575
252000				177569
252100				838182
903000	044	701		—
903000	045	701		—
903000	048	701		2045
903000	070	720		607
903000	070	724		149
903000	070	725		451
903000	070	730		217
903000	047	461		1175
903000	048	424		1000
921000	040	419		7808

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO.	TRANS. CODE
0170	515

Prepared By: [signature] Approved By: [signature]

Item 24

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KENERGY

JOURNAL ENTRY

DATE
05 31 07

DEBIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
142200	999	999		15675292

CREDIT

ACCOUNT NUMBER	RA	EAC	Line	BUDGET/	AMOUNT
107310	999	999			7103354
163000	023	701		Labor	9655
252000	999	999			111000
252100	999	999			2282535
903000	048	701		Labor	15826
903000	047	461			20741
903000	048	424			4000
921000	040	419			34889
253000					6051335
903000	044	701		Labor	17787
903000	045	701		Labor	4088
903000	070	720			8432
903000	070	724			2187
903000	070	725			6261
903000	070	730			3202

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO.	TRANS. CODE
017051	5

Prepared By: MO Approved By: [signature]

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
043007

DEBIT ACCOUNT NUMBER	DEBIT RA	DEBIT EAC	DEBIT Line	DEBIT BUDGET/ AMOUNT	CREDIT ACCOUNT NUMBER	CREDIT RA	CREDIT EAC	CREDIT Line	CREDIT BUDGET/	CREDIT AMOUNT
142200	999	999		5366722	107310	999	999			2915741
					163000	023	~~701~~ 940		Labor	6134
					252000	999	999			195656
					252100	999	999			1933740
					903000	048	701		Labor	24412
					903000	047	461			21472
					903000	048	424			9700
					921000	040	419			69778
					253000					145879
					903000	043	701		Labor	3541
					903000	044	701			8115
					903000	044	700			1399
					903000	040	700			3971
					903000	045	701			2044
					903000	070	720			11049
							724			2620
							725			7878
							730			3593

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO.	TRANS. CODE
0170	515

Prepared By: MR

Approved By: B

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
01/31/07

DEBIT					CREDIT				
ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT	ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
142200	999	999		3171177	107310	999	999		1968115
					163000	~~999~~ 023	~~999~~	701 (Labor)	7081
					252000	999	999		494270
					252100	999	999		683359
					903000	048	701	(Labor)	2255
					903000	047	461		473
					903000	048	424		—
					921000	040	419		15624

EXPLANATION:

Accounts Receivable - Customers

ENTRY NO.	TRANS. CODE
0170	515

Prepared By:______________________ Approved By: [signature]

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
08 31 07

DEBIT ACCOUNT NUMBER	DEBIT BUDGET/ SL CODE	DEBIT AMOUNT	CREDIT ACCOUNT NUMBER	CREDIT BUDGET/ SL CODE	CREDIT AMOUNT
143100		690533	594000	42 701 Labor	15924
				43 701	6853
				70 720	6333
				70 724	1419
				70 725	3463
				70 730	2347
				47 402	5338
				47 405	3860
				47 406	2840
			107310	9	642156

EXPLANATION:

ACCOUNTS RECEIVABLE – OTHER

ENTRY NO	TRANS. CODE
31	0522

Prepared By W Approved By

AT-19 (REVISED MAR. 1994)

KENERGY

JOURNAL ENTRY

DATE
08/31/07

DEBIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT	CREDIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
143100				568094	593000	042	701		Labor 370842
					593000	043	701		Labor 64896
					593000	070	724		26518
					593000	070	730		48500
					593000	047	406		30389
					593000	047	405		6307
					593000	047	402		20642

EXPLANATION: Ellis Park AIR

ENTRY NO.	TRANS. CODE
93	0522

See attached invoice.

Prepared By: ms Approved By: JO

Backups and detail in plant acct.

AT-04 Revised 01-07

143.400		0010	OTHER A/R-EMPLOYEE CONTRIBUTIONS		1,852.44	$	1,852.44CR	
4463	1 31	070030	CASH DISBURSEMENTS	100.00		$	1,752.44CR	
4464	3 31	070030	CASH DISBURSEMENTS	100.00		$	1,652.44CR	
4465	5 31	070030	CASH DISBURSEMENTS	100.00		$	1,552.44CR	
4466	9 30	070030	CASH DISBURSEMENTS	100.00		$	1,452.44CR	
4467	10 31	070030	CASH DISBURSEMENTS	100.00		$	1,352.44CR	
4468	11 30	070030	CASH DISBURSEMENTS	100.00		$	1,252.44CR	
143.500		0010	ACCTS REC-LABOR-TOWER ATTACHMENTS			$	.00	
143.600		0010	ACCTS REC-CUSTOMER BILLINGS			$	.00	
4469	1 00	070250	ACCRUED PAYROLL	36,008.86		$	36,008.86	
4470	1 21	070040	PAYROLL DISTRIBUTION-LABOR	11,546.40		$	47,555.26	
4471	1 21	070043	WORKMANS COMPENSATION-P/L P/D	390.23		$	47,945.49	
4472	1 21	070044	FICA	857.72		$	48,803.21	
4473	1 21	070045	UNEMPLOYMENT INSURANCE	141.83		$	48,945.04	
4474	1 31	070030	CASH DISBURSEMENTS	65.00		$	49,010.04	
4475	1 31	070270	CLEARING-TRANSPORTATION	830.41		$	49,840.45	
4476	2 00	070250	ACCRUED PAYROLL		36,008.86	$	13,831.59	
4477	2 18	070040	PAYROLL DISTRIBUTION-LABOR	36,843.42		$	50,675.01	
4478	2 18	070043	WORKMANS COMPENSATION-P/L P/D	1,107.04		$	51,782.05	
4479	2 18	070044	FICA	2,746.76		$	54,528.81	
4480	2 18	070045	UNEMPLOYMENT INSURANCE	70.48		$	54,599.29	
4481	2 28	070030	CASH DISBURSEMENTS	1,629.88		$	56,229.17	
4482	2 28	070270	CLEARING-TRANSPORTATION	8,031.61	4,780.44	$	59,480.34	
4483	3 31	070020	CASH RECEIPTS		78,984.40	$	19,504.06CR	JE84-4195.71
4484	3 31	070043	84WORKMANS COMPENSATION-P/L P/D		55.21	$	19,559.27CR	
4485	3 31	070200	78TRANSFER ASSET/LIABILITY-A/C TO A/	19,504.06		$	55.21CR	
4486	4 30	070200	77TRANSFER ASSET/LIABILITY-A/C TO A/	55.12		$	.09CR	
4487	5 27	070040	~~PAYROLL DISTRIBUTION-LABOR~~	~~122.03~~		$	121.94	
4488	5 27	070041	PENSION FUND	31.09		$	153.03	
4489	5 27	070042	HEALTH INSURANCE	40.23		$	193.26	
4490	5 27	070043	WORKMANS COMPENSATION-P/L P/D	7.29		$	200.55	
4491	5 27	070044	FICA	10.65		$	211.20	
4492	5 27	070051	VACATION ACCRUAL	~~14.58~~		$	225.78	

JE-97 - ⟨81.15⟩ ⟨40.88⟩

4493	5 31	070200	72TRANSFER ASSET/LIABILITY-A/C TO A/	.09		$	225.87
4494	5 31	070200	97TRANSFER ASSET/LIABILITY-A/C TO A/C		225.87	$	.00
4495	5 31	070270	CLEARING-TRANSPORTATION	81.10	6.57	$	74.53
4496	6 30	070200	64TRANSFER ASSET/LIABILITY-A/C TO A/C		74.53	$	.00
4497	12 23	070040	~~PAYROLL DISTRIBUTION-LABOR~~	~~815.12~~		$	815.12
4498	12 23	070041	PENSION FUND	172.16		$	987.28
4499	12 23	070042	HEALTH INSURANCE	265.81		$	1,253.09
4500	12 23	070043	WORKMANS COMPENSATION-P/L P/D	45.76		$	1,298.85
4501	12 23	070044	FICA	68.81		$	1,367.66
4502	12 23	070051	VACATION ACCRUAL	~~72.17~~		$	1,439.83
4503	12 23	070053	SICK LEAVE	~~16.66~~		$	1,456.49
4504	12 31	070055	130CORRECT LABOR DIST & OVERHEAD EXP		2,129.88	$	673.39CR
4505	12 31	070270	CLEARING-TRANSPORTATION	675.70	2.31	$	.00
143.700		0010	ACCTS REC-CONSUMER OWNED FACILITIES			$	.00
144.100		0010	ACC PROV-UNCOLL ACCTS-BANKRUPTCY		1,514,065.03	$	1,514,065.03CR
4506	1 31	070020	CASH RECEIPTS		34.05	$	1,514,099.08CR
4507	1 31	070400	SALES	1,531.66		$	1,512,567.42CR
4508	2 28	070020	CASH RECEIPTS	34.05	26.74	$	1,512,560.11CR
4509	2 28	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,523,143.11CR
4510	2 28	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,533,726.11CR
4511	2 28	070400	SALES	276.00		$	1,533,450.11CR
4512	3 30	070400	SALES	1,149.39		$	1,532,300.72CR
4513	3 31	070020	CASH RECEIPTS		5,937.97	$	1,538,238.69CR
4514	3 31	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,548,821.69CR
4515	4 30	070020	CASH RECEIPTS		17.09	$	1,548,838.78CR
4516	4 30	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,559,421.78CR
4517	5 31	070020	CASH RECEIPTS		16.36	$	1,559,438.14CR
4518	5 31	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,570,021.14CR
4519	6 30	070020	CASH RECEIPTS	100.00	4,138.20	$	1,574,059.34CR
4520	6 30	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,584,642.34CR
4521	7 31	070020	CASH RECEIPTS		18.73	$	1,584,661.07CR
4522	7 31	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,595,244.07CR
4523	7 31	070400	SALES	672.47		$	1,594,571.60CR
4524	8 31	070020	CASH RECEIPTS		24.31	$	1,594,595.91CR
4525	8 31	070110	37SET UP UNCOLLECTIBLE RESERVE		10,583.00	$	1,605,178.91CR
4526	8 31	070400	SALES	463.39		$	1,604,715.52CR

KENERGY
JOURNAL ENTRY

DATE
033107

DEBIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT	CREDIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
1436009				1950406	593000	042	701		276917
184100	047	402		51312	593000	043	701		41957
					593000	045	701		100697
					184100	047	402		395537
					184100	047	~~405~~ 404		363894
					184100	047	406		110750
					184100	047	447		711966

EXPLANATION:

Clear Acct Rec 143.600

ENTRY NO.	TRANS. CODE
78	0200

Clearing acct 143.6 from actual billing vs. what hit G/L

Prepared By: MS

Approved By: RW SO

AT-04 Revised 01-07

KENERGY

JOURNAL ENTRY

DATE
05 31 07

DEBIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT	CREDIT ACCOUNT NUMBER	RA	EAC	Line	BUDGET/ AMOUNT
903000	044	701		8115	143600				22587
903000	045	701		4088					
903000	070	703		1458					
903000	070	725		3109					
903000	070	720		4023					
903000	070	724		729					
903000	070	730		1065					

EXPLANATION: Corr error on timesheets

G. Botiler & T. Payne worked illegal meter tampering & chg'd wrong act code per R. Payne

ENTRY NO.	TRANS CODE
97	0200

Prepared By: ms Approved By:

AT-04 Revised 01-07

4553	3 30 070400	SALES		1,827.76	$	1,370,478.62
4554	3 31 070020	CASH RECEIPTS		3,544.55	$	1,366,934.07
4555	4 30 070020	CASH RECEIPTS		2,775.66	$	1,364,158.41
4556	4 30 070400	SALES		170.46	$	1,363,987.95
4557	5 31 070020	CASH RECEIPTS		3,867.94	$	1,360,120.01
4558	5 31 070400	SALES		376.98	$	1,359,743.03
4559	6 30 070020	CASH RECEIPTS		2,889.55	$	1,356,853.48
4560	7 31 070020	CASH RECEIPTS		2,894.90	$	1,353,958.58
4561	7 31 070400	SALES		676.39	$	1,353,282.19
4562	8 31 070020	CASH RECEIPTS		3,491.03	$	1,349,791.16
4563	8 31 070400	SALES		1,079.02	$	1,348,712.14
4564	9 28 070400	SALES		364.23	$	1,348,347.91
4565	9 30 070020	CASH RECEIPTS		3,021.80	$	1,345,326.11
4566	10 31 070020	CASH RECEIPTS		3,547.61	$	1,341,778.50
4567	10 31 070400	SALES	8.16		$	1,341,786.66
4568	11 30 070020	CASH RECEIPTS		4,171.72	$	1,337,614.94
4569	11 30 070400	SALES	186,661.16		$	1,524,276.10
4570	12 31 070020	CASH RECEIPTS		3,287.41	$	1,520,988.69
4571	12 31 070110	46SET UP UNCOLLECTIBLE RESERVE		36,258.55	$	1,484,730.14
4572	12 31 070110	46SET UP UNCOLLECTIBLE RESERVE	36,258.55		$	1,520,988.69
4573	12 31 070400	SALES	16.28		$	1,521,004.97
144.111	0010	ACC. PROV. FOR UNCOLL.-COLLECT FEE	50,048.64		$	50,048.64
146.000	0010	A/R BIG RIVERS ELECTRIC CORP	57,737.21		$	57,737.21
4574	1 31 070020	CASH RECEIPTS		20,362.00	$	37,375.21
4575	1 31 070030	CASH DISBURSEMENTS	62,528.52		$	99,903.73
4576	1 31 070150	7PREPAID WRITE-OFFS OTHER	121.44		$	100,025.17
4577	1 31 070150	7PREPAID WRITE-OFFS OTHER	14.12		$	100,039.29
4578	1 31 070200	46TRANSFER ASSET/LIABILITY-A/C TO A/C		139.47	$	99,899.82
4579	1 31 070200	104TRANSFER ASSET/LIABILITY-A/C TO A/	1,650.00		$	101,549.82
4580	1 31 070231	73REVERSE ACCOUNTS PAYABLE		5,650.45	$	95,899.37
4581	2 00 070250	ACCRUED PAYROLL	397.63		$	96,297.00
4582	2 28 070030	CASH DISBURSEMENTS	2,081.00		$	98,378.00
4583	2 28 070150	7PREPAID WRITE-OFFS OTHER	6.31		$	98,384.31
4584	2 28 070230	95ACCOUNTS PAYABLE	2,665.00		$	101,049.31
4585	3 00 070250	ACCRUED PAYROLL	127.24	397.63	$	100,778.92

4586	3 18	070040	PAYROLL DISTRIBUTION-LABOR	397.63		$	101,176.55
4587	3 18	070041	PENSION FUND	24.16		$	101,200.71
4588	3 18	070042	HEALTH INSURANCE	104.02		$	101,304.73
4589	3 18	070043	WORKMANS COMPENSATION-P/L P/D	2.67		$	101,307.40
4590	3 18	070044	FICA	30.23		$	101,337.63
4591	3 18	070051	VACATION ACCRUAL	23.23		$	101,360.86
4592	3 18	070053	SICK LEAVE	5.04		$	101,365.90
4593	3 31	070020	CASH RECEIPTS		10,274.20	$	91,091.70
4594	3 31	070030	CASH DISBURSEMENTS	16,346.68		$	107,438.38
4595	3 31	070043	84WORKMANS COMPENSATION-P/L P/D		.20	$	107,438.18
4596	3 31	070150	7PREPAID WRITE-OFFS OTHER	6.29		$	107,444.47
4597	3 31	070200	72TRANSFER ASSET/LIABILITY-A/C TO A/	139.47		$	107,583.94
4598	3 31	070230	47ACCOUNTS PAYABLE		2,665.00	$	104,918.94
4599	3 31	070231	49REVERSE ACCOUNTS PAYABLE	2,944.87		$	107,863.81
4600	4 00	070250	ACCRUED PAYROLL		127.24	$	107,736.57
4601	4 29	070040	PAYROLL DISTRIBUTION-LABOR	127.24		$	107,863.81
4602	4 29	070041	PENSION FUND	9.54		$	107,873.35
4603	4 29	070042	HEALTH INSURANCE	27.39		$	107,900.74
4604	4 29	070043	WORKMANS COMPENSATION-P/L P/D	1.06		$	107,901.80
4605	4 29	070044	FICA	12.03		$	107,913.83
4606	4 29	070051	VACATION ACCRUAL	9.18		$	107,923.01
4607	4 30	070020	CASH RECEIPTS		5,361.19	$	102,561.82
4608	4 30	070030	CASH DISBURSEMENTS	12,666.28		$	115,228.10
4609	4 30	070037	86CORRECT CASH DISTRIBUTION		55.25	$	115,172.85
4610	4 30	070150	7PREPAID WRITE-OFFS OTHER	6.70		$	115,179.55
4611	4 30	070200	63TRANSFER ASSET/LIABILITY-A/C TO A/	1,766.40		$	116,945.95
4612	4 30	070200	64TRANSFER ASSET/LIABILITY-A/C TO A/C		103.30	$	116,842.65
4613	4 30	070230	91ACCOUNTS PAYABLE	1,467.27		$	118,309.92
4614	4 30	070231	45REVERSE ACCOUNTS PAYABLE		2,944.87	$	115,365.05
4615	4 30	071407	62CLEAR PROPERTY TAXES		149.35	$	115,215.70
4616	5 31	070020	CASH RECEIPTS		35,212.81	$	80,002.89
4617	5 31	070030	CASH DISBURSEMENTS	12,018.29		$	92,021.18
4618	5 31	070032	64CORRECT CASH RECEIPTS		2,868.00	$	89,153.18
4619	5 31	070150	7PREPAID WRITE-OFFS OTHER	6.73		$	89,159.91
4620	5 31	070231	47REVERSE ACCOUNTS PAYABLE		1,467.27	$	87,692.64
4621	5 31	070500	73RETIREMENTS FROM GENERAL PLANT	3,000.00		$	90,692.64
4622	5 31	070500	73RETIREMENTS FROM GENERAL PLANT		750.00	$	89,942.64
4623	5 31	070500	73RETIREMENTS FROM GENERAL PLANT		750.00	$	89,192.64
4624	6 30	070020	CASH RECEIPTS		3,000.00	$	86,192.64
4625	6 30	070030	CASH DISBURSEMENTS	6,813.29		$	93,005.93
4626	6 30	070037	82CORRECT CASH DISTRIBUTION	64.18		$	93,070.11
4627	6 30	070037	82CORRECT CASH DISTRIBUTION	6,144.36		$	99,214.47
4628	6 30	070150	7PREPAID WRITE-OFFS OTHER	105.78		$	99,320.25
4629	6 30	070150	7PREPAID WRITE-OFFS OTHER	5.96		$	99,326.21
4630	7 31	070020	CASH RECEIPTS		69,053.16	$	30,273.05
4631	7 31	070030	CASH DISBURSEMENTS	10,131.50		$	40,404.55
4632	7 31	070150	7PREPAID WRITE-OFFS OTHER	5.68		$	40,410.23
4633	8 31	070020	CASH RECEIPTS		773.22	$	39,637.01

$562.32

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 25) Refer to Kenergy's Response to Staff's First Data Request, Item 28.

a. For each amount listed as "Other Compensation" for the test year, state the amount included in the proforma payroll listed as capitalized, accounts receivable, non-operating and electric expensed in Kenergy's application at Exhibit 5, page 7.

b. State the nature of the other compensation expense reported for each executive officer.

c. Discuss how the level of other compensation expense is determined for each executive officer.

d. All executive officers except for the President/CEO experienced a decrease in "Other Compensation" from 2005 to 2006. Explain these decreases.

e. Explain why the President's "Other Compensation" expense decreased from 2006 to 2007.

f. Excluding the amounts listed as "Other Compensation" for executive employees at Item 28, provide a list of all other compensation/bonuses paid to all employees during the test year stating the amounts and accounts to which each compensation/bonus was charged. Also, provide a description of the nature compensation/bonus and a discussion of how the amount was determined.

Response a) None of the specific amounts are included in proforma labor. There is a total of $22,750 representing the vehicle allowance for the CEO included in proforma labor on Exhibit 5, page 7, line 16, column j. The $22,750 would be allocated to the four categories based on the percentages shown on lines 18-21, column d of Exhibit 5, page 7 (i.e. capitalized - .32850909 times $22,750 = $7,474.

Witness) Steve Thompson

Response b-f) Item 25, page 3 of 3, contains the above referenced information.

Witness) Keith Ellis

Item 25)

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

a.

2008 RATE APPLICATION

b.

During Test Year (2007)	EMPL. #	2007 OTHER COMPENSATION	NATURE OF EXPENSE
PRESIDENT/CEO*	584	$9,100	Vehicle Allowance
VP-FINANCE	178	$1,381	$1,281.00 taxable $ for personal use of company owned veh./$100.00 safety bonus
VP-OPERATIONS	267	$1,094	$994.00 taxable $ for personal use of company owned veh./$100.00 safety bonus
VP-ENGINEERING	600	$1,385	$1,285.00 taxable $ for personal use of company owned veh./$100.00 safety bonus
PRESIDENT/CEO**	631	$74,554	$11,900.00 Vehicle Allowance/$52,128.58 moving expenses/$10,425.72 housing allowance/$100.00 safety bonus
VP-HUMAN RESOURCES	519	$1,840	$1,740.00 taxable $ for personal use of company owned veh./$100.00 safety bonus

*TERMINATION DATE OF 05/31/07
**HIRE DATE OF 06/01/07

c. Income from personal use of company owned vehicle devires from a calculation based on value of benefit of personal miles including miles driven to and from work.
Safety bonus was awarded in reconginiton of Kenergy achieving no lost time indicents in the calendar year. $100 was awarded to each employee.
CEO vehicle allowance, moving expenses, and housing allowance was paid as part of compensation package to attrach new CEO.

	EMPL. #	2005 OTHER COMPENSATION	2006 OTHER COMPENSATION	Explanation of decrease in other compensation
d. VP-FINANCE	178	$2,180	$1,239	2005 Received outstanding achievement award of $1,000.00/2006 Received $75.00 safety bonus/taxable $ for personal use of company owned veh. decreased by $16.00 in 2006
VP-OPERATIONS	267	$3,234	$860	2005 Received outstanding achievement award of $1,000.00/2006 Received $75.00 safety bonus/taxable $ for personal use of company owned veh. decreased by $1,449.00 in 2006
VP-ENGINEERING	600	$2,873	$1,975	2005 Received outstanding achievement award of $1,000.00/2006 Received $75.00 safety bonus/taxable $ for personal use of company owned vhe. Increased by $27.00 in 2006
VP-HUMAN RESOURCES	519	$2,779	$1,428	2005 Received outstanding achievement award of $1,000.00/2006 Received $75.00 safety bonus/taxable $ for personal use of company owned veh. decreased by $426.00 in 2006

	EMPL. #	2006 OTHER COMPENSATION	2007 OTHER COMPENSATION	Explanation of decrease in other compensation
e. PRESIDENT/CEO***	584	$26,000	$9,100	$21,000.00 vehicle allowance in 2006/$5,000.00 bonus in 2006/$9,100.00 vehicle allowance in 2007

***TERMINATION DATE OF 05/31/07

f. Other Compensation/Bonuses paid all employees during 2007 (test year), excluding executive employees	Amount of Other Compensation	Account Charged	How Amount was Determined
Safety Bonuses	$15,000	921.000	All eligible employees received a $100 bonus as a result of achieving a calendar year without a lost-time injury.
Taxable $ for personal use of company owned veh.	$13,881		Vaule of personal use of company provided vehicle including miles to and from work.
United Way Incentives	$790	903.000	Incentive provided to employees, in the form of a drawing, for giving their "fair share" pledge to United Way.

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 26) Refer to Kenergy's application at Exhibit 5, page 8.

a. Does the proforma annual cost for health insurance as stated at $1,802,475 include the payment of health insurance premiums paid on behalf of Kenergy's contracted attorney?

b. Does the test year annual cost for health insurance as stated at $1,760,401 include the payment of health insurance premiums paid on behalf of Kenergy's contracted attorney?

Response a&b) No. See Exhibit 5, page 8c, lines 5-11.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 27) Refer to Kenergy's application at Exhibit 5, page 8(d). Provide the annual pension costs for the defined benefit plan for "GREC" employees hired prior to 1/1/87 for the years 2003, 2004 and 2005, separating the annual costs by service costs, interest costs, return on assets, and net amortizations and deferrals.

Response) Item 27, pages 2-5 of 5, contain the above referenced information.

Witness) Steve Thompson

Accounting Results

	Fiscal Year Ending	
	12/31/2005	12/31/2006
Assets at Beginning of Fiscal Year		
Fair Value	2,048,827	1,307,000
Market-related Value	2,048,827	1,307,000
Liabilities at Beginning of Fiscal Year		
Key Assumptions		
• Interest Discount Rate	6.00%	5.50%
• Expected Rate of Return on Assets	8.00%	7.50%
• Compensation Increase	4.00%	4.00%
Accumulated Benefit Obligation		
• Retirees and Other In-pay Status	17,114	16,000
• Vested Terminations and Other Deferred Status	109,137	110,000
• Active Employees	2,045,172	1,240,000
Total	2,171,423	1,366,000
Effect of Future Compensation Increases	537,429	659,000
Projected Benefit Obligation	2,708,852	2,025,000
Cost Components		
Service Cost	52,000	62,000
Interest Costs	143,000	108,000
Expected Return on Assets	(139,000)	(98,000)
Amortized and Deferral	92,000	62,000
Net Periodic Pension Cost	148,000	134,000
Curtailment Cost	0	0
Settlement Cost	437,000	0[2]
Total Cost	585,000	134,000[2]
Reconciliation of Balance Sheet Accruals		
(Accrued)/Prepaid Pension Cost, Beginning of Year	297,000	5,000
Net Periodic Pension (Cost)/Income	(148,000)	(134,000)
Settlement and/or Curtailment (Cost)/Income	(437,000)	0
Contributions	293,000	121,000[2]
(Accrued)/Prepaid Pension Cost, End of Year	5,000	(8,000)[2]

2 Estimated.

SHDR, Inc.

Accounting Results

	Fiscal Year Ending	
	12/31/2004	12/31/2005
Assets at Beginning of Fiscal Year		
Fair Value	2,010,302	2,048,827
Market-related Value	2,010,302	2,048,827
Liabilities at Beginning of Fiscal Year		
Key Assumptions		
• Interest Discount Rate	6.00%	6.00%
• Expected Rate of Return on Assets	8.00%	8.00%
• Compensation Increase	4.00%	4.00%
Accumulated Benefit Obligation		
• Retirees and Other In-pay Status	Not provided	17,114
• Vested Terminations and Other Deferred Status	Not provided	109,137
• Active Employees	Not provided	2,045,172
Total	1,974,559	2,171,423
Effect of Future Compensation Increases	538,515	537,429
Projected Benefit Obligation	2,513,074	2,708,852
Cost Components		
Service Cost	51,837	52,112
Interest Costs	150,430	132,188
Expected Return on Assets	(160,353)	(126,083)
Amortized and Deferral	43,889	74,468
Net Periodic Pension Cost	85,803	132,685
Reconciliation of Balance Sheet Accruals		
(Accrued)/Prepaid Pension Cost, Beginning of Year	382,808	297,005
Net Periodic Pension (Cost)/Income	85,803	132,685
Settlement and/or Curtailment (Cost)/Income	0	0
Contributions	0	68,455[2]
(Accrued)/Prepaid Pension Cost, End of Year	297,005	232,775[2]

[2] Estimated.

Development of Net Periodic Pension Cost for the Current Fiscal Year

Net Periodic Pension Cost is determined according to the provisions of SFAS 87. The Net Periodic Pension Cost is the amount to be expensed in the Plan sponsor's financial statements regardless of the amounts funded during the fiscal year.

Fiscal Year Ending		*Dec 31, 2004*
Projected Benefit Obligation at beginning of year	$	2,513,074
Market-Related Value of Assets at beginning of year		2,010,302
Expected Benefit Payments during year		11,785
Expected Contributions during year		0
Service Cost		
Service Cost at beginning of year	$	48,903
Interest to end of year		2,934
Total Service Cost	$	51,837
Interest Cost		
Interest on Projected Benefit Obligation	$	150,784
Interest on Expected Benefit Payments		(354)
Total Interest Cost	$	150,430
Expected Return on Assets		
Interest on Market-Related Value of Assets	$	(160,824)
Interest on Expected Benefit Payments		471
Interest on Expected Contributions		0
Total Expected Return on Assets	$	(160,353)
Amortizations (see next page)		
Unrecognized Transition (Asset)/Obligation	$	(24,567)
Unrecognized Prior Service Cost		18,315
Unrecognized Net (Gain)/Loss		50,141
Total Amortizations	$	43,889
Net Periodic Pension Cost	$	85,803

Development of Net Periodic Pension Cost for the Current Fiscal Year

Net Periodic Pension Cost is determined according to the provisions of SFAS 87. The Net Periodic Pension Cost is the amount to be expensed in the Plan sponsor's financial statements regardless of the amounts funded during the fiscal year.

Fiscal Year Ending		*Dec 31, 2003*
Projected Benefit Obligation at beginning of year	$	2,649,518
Market-Related Value of Assets at beginning of year		1,877,102
Expected Benefit Payments during year		11,850
Expected Contributions during year		0
Service Cost		
Service Cost at beginning of year	$	59,398
Interest to end of year		3,267
Total Service Cost	$	62,665
Interest Cost		
Interest on Projected Benefit Obligation	$	145,723
Interest on Expected Benefit Payments		(326)
Total Interest Cost	$	145,397
Expected Return on Assets		
Interest on Market-Related Value of Assets	$	(150,168)
Interest on Expected Benefit Payments		474
Interest on Expected Contributions		0
Total Expected Return on Assets	$	(149,694)
Amortizations (see next page)		
Unrecognized Transition (Asset)/Obligation	$	(39,233)
Unrecognized Prior Service Cost		18,315
Unrecognized Net (Gain)/Loss		77,401
Total Amortizations	$	56,483
Net Periodic Pension Cost	$	114,851

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 28) Refer to Kenergy's Response to Staff's First Data Request, Item 30, page 70. Test Year "Director Insurance" is stated at $23,881.

a. Provide a description of this insurance.

b. Provide a list of the names of the directors covered by this insurance.

Response a&b) This expense is for directors and officers liability insurance premiums.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 29) Refer to Kenergy's Response to Staff's First Data Request, Item 16 and Item 30, page 50. At Item 16, Kenergy states that the monthly meeting fee paid to directors was decreased from \$650 to \$300. At Item 30, page 50, total test year directors' monthly meeting fees are stated at \$72,600. Explain why an adjustment decreasing test year expenses by \$33,000, as calculated below, was not made by Kenergy to account for the decreased meeting fees.

New Meeting Fee	\$300
Times: 11 Directors	11
12 Months	12
Proforma Meeting Fees	39,600
Less: Test Year	(72,600)
Adjustment	(\$33,000)

Response) This adjustment was an oversight during the preparation of the application.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 30) Refer to Kenergy's Response to Staff's First Data Request, Item 31.

a. Listed here are $55,621.01 in test year expenses reported in Account 426 related to Donations, Civic Activities and "Spouse Expense." Confirm that the amounts listed in Item 31 include all test year expenses for these activities and that there are no other related expenses reported in any other revenue or expense accounts.

b. Describe the accounting processes employed by Kenergy to ensure that these expenses are fully and properly reported in Account 426.

Response) **a)** To the best of my knowledge and belief, Kenergy has reported payments for charitable, social or community welfare purposes in Account 426.100 – Donations. Kenergy has made an interpretation of the Uniform System of Accounts that payments made for "economic development purposes" be charged to Account 930.200. See response to Item 30, pages 6-8 of the PSC First Data Request. This interpretation was addressed at the public hearing in Case No. 2003-00165, and the final order was silent on this issue.

b) The list of next year's budgeted Account 426.100 and 930.200 amounts is submitted to the CEO by the Member Services department and approved by the Board as part of the overall budget. During the year, requests from outside agencies for Account 426.100 or 930.200 payments are routed to the Member Services department or the CEO. (A purchase order is required for all items over $1,000.) The documentation is then sent to the Accounts Payable Clerk. If the required supervisor approval and budget codes are noted, the invoice is paid and filed by control number. A list is updated each month comparing budgeted Account 426.100 amounts to actual expenditures and sent to the Board. Monthly budget reports comparing actual to budget are submitted to each department head with explanations required for variances exceeding established criteria. The monthly summary of checks written by account number is reviewed by the Vice-President of Finance and the CEO.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 31) Refer to Kenergy's Response to Staff's First Data Request, Item 34, page 2.

a. Describe the "Retirement Plan" shown in column (c) and provide a summary of the legal work performed on the "Retirement Plan."

b. Provide a comparative analysis of the annual expenses for the amounts shown for each contracted service listed in columns (g) and (j) for the years 2003, 2004, 2005, 2006 and 2007.

Response) **a)** The "Retirement Plan" shown in column (c) is the "Kenergy Corp. Savings and Retirement Plan", a defined contribution retirement plan with a 401(k) option. During our annual audit, a discrepancy was discovered by our auditing firm between Kenergy's contributions into each participant's account based on compensation and the plan's definition of compensation. An attorney who specializes in ERISA law was retained, on the advice of our plan sponsor, to clarify the definition and provide counsel should the IRS question the auditor's findings. The attorney modified the language of the plan definition and the matter was settled.

Witness) Keith Ellis

b)	2007	2006	2005	2004	2003
General Ledger					
(Dorsey, King)	34,069.93	38,794.00	37,976.79	52,365.00	35,360.00
Other	18,536.37	14,842.00	9,975.00	(1)	(1)

(1) Information not available without extensive staff time to compile information from invoices stored in vaults.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 32) Refer to Kenergy's application at Exhibit 5, page 7(e) and page 11. On page 11, Kenergy calculates "Outside Vendor Storm Repair Expense" using a 13-year average. In support of its calculation, it references the portion of a previous Commission Order included in its application at page 7(e). However, that Commission Order finds that an average of 10 years is the appropriate method. Explain why Kenergy proposes an adjustment based upon a 13-year average when the Commission's previous practice has been to use a 10-year average.

Response) *Kenergy feels the number of years used should not be restricted to a 3, 5, 10 or 15. For* purposes of normalizing major storm expense, the longest period available should be utilized.

Witness) Steve Thompson

Item 33) Refer to Kenergy's application at Exhibit 5, page 12.

a. At Exhibit 5, page 12, Kenergy's test year Gross Plant in Service is stated at $202,842,778. This plant amount is not consistent with Kenergy's annual financial report submitted to the Commission for the year ended 2007, where Kenergy reported a balance for Gross Plant in Service of $224,786,799. Reconcile the Plant in Service stated at Exhibit 5, page 12, in the amount of $202,842,778 to the Plant in Service stated in Kenergy's 2007 annual report in the amount of $224,786,799.

b. At Exhibit 5, page 12, test year depreciation expense is stated at $7,027,484. At Exhibit 11, page 2, test year depreciation expense is stated at $7,415,078. Reconcile these two amounts.

Response a & b) The adjustment on Exhibit 5, page 12, includes only the distribution plant accounts. The difference in both cases above represents the General Plant Accounts 389-398 and 403.700.

Witness) Steve Thompson

Item 34) Refer to Kenergy's application at Exhibit 5, page 12(a). The USDA letter states that the approved depreciation rates will terminate on December 31, 2011 and that, upon termination, Kenergy will be required to either revert back to depreciation rates that fall within the ranges established by RUS Bulletin 183-1 or submit an updated depreciation study supporting alternative depreciation rates.

a. Does Kenergy contemplate that it will revert back to rates that are within the ranges prescribed by RUS or that it will update its depreciation study and request different rates?

b. Will Kenergy seek approval of new depreciation rates from RUS prior to requesting Commission approval?

Response) Kenergy plans on updating its depreciation study and, if new rates are recommended, will seek RUS approval first, then Commission approval either in the next rate proceeding or a special proceeding, if necessary, before implementing the new rates.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 35) Refer to Kenergy's Response to Staff's First Data Request, Item 34, which lists two cases Kenergy brought before this Commission -- Case Nos. 2007-00164 and 2007-00126. In both cases, the Commission approved changes to Kenergy's tariffed rates that went into effect during the test year. Explain why no adjustments were made to test year operating revenues to annualize the test year revenues generated by these tariffed rate changes.

Response) Kenergy did not have any customers utilize the Real-Time Pricing or Renewable Resource Energy Service Rider during the test year.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 36) Refer to Kenergy's Response to Staff's First Data Request, Item 35(b).

a. The final cost of Case No. 2006-00369 is stated at $67,622. State the portion of this cost that was expensed when incurred and the amount that was deferred for amortization.

b. State the amount of amortization expense included in test year expenses for the amortization of the costs of Case No. 2006-00369.

Response) **a)** Kenergy expenses rate application costs in the year incurred.

b) Kenergy expensed $6,373 during the test year. See PSC First Data Request, Item 34, page 7, line 24.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 37) Refer to Kenergy's application at Exhibit 5, page 4, line 9, column (v). The reference given for this adjustment is Exhibit 5, page 9. State specifically where on Exhibit 5, page 9, the adjustment can be found.

Response) Please refer to the bottom right hand corner of Exhibit 5, page 9, with the caption "To Adjustment Recap".

Witness) Steve Thompson

Item 38) Refer to Kenergy's application at Exhibit 5, page 1. Non-Operating Margins – Other are reported at $51,814 which includes the accounts shown below.

Revenues from Merchandising, Jobbing and Contract Work	$ 224,332
Expenses from Merchandising, Jobbing and Contract Work	(197,790)
Income from Non-Utility Operations	23,908
Miscellaneous Non-operating Income	1,365
Total	$ 51,815

a. Provide a current copy of Kenergy's cost allocation manual ("CAM") used to make allocations to the accounts listed above.

b. Provide the general ledger detail for all the accounts shown above. This detail should show separately all entries made to these accounts with a description of each entry which clearly describes the nature of the entry and demonstrates that each entry is properly classified in the account to which it was charged. Also, this detail shall include a specific reference to where the allocation factors used to determine each allocation entry can be found in the CAM provide in (a) above.

Response) **a)** Item 38, pages 3 – 22 of 43, is a copy of Kenergy's CAM that was submitted to the Commission for filing in December 2005. This CAM was not required to be filed under Kentucky law because revenue did not exceed the amount set forth in KRS 278.2203(4)(a). However, Kenergy filed it to address concerns by Rural Utilities Service (RUS) that capitalization of certain costs was not in accordance with RUS' Uniform System of Accounts. Also, as stated in the Introduction on page 1 of the CAM, Kenergy was modifying its accounting system to track the costs of serving its customers served direct from its transmission lines.

Page 6 of the CAM is titled "Non-Regulated Products and Services." Listed are Geothermal System Sales, Long Distance/Dial-Up Internet and Surge Protection. Kenergy no longer is a commissioned agent for Long Distance/Dial-Up Internet sales, although it continues to receive commissions for previous work. These commissions are included in Non-Operating Margins – Other, as shown in Kenergy's application at Exhibit 5, page 1. Kenergy continues to engage in Geothermal System Sales and Surge Protection leases, which are activities related to Kenergy's sole purpose of distributing electric energy.

Witness) Steve Thompson

b) See response to (a). The general ledger detail is provided as Item 38, pages 23 – 43 of 43.

Witness) Steve Thompson

KENERGY CORP.

COST ALLOCATION MANUAL (CAM)

DATE SUBMITTED: DECEMBER 2005

NOTE: **These changes have been applied for the entire calendar year 2005.**

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INTRODUCTION

The Commonwealth of Kentucky General Assembly enacted KRS 278.2205 during the 2000 regular session. The Kentucky Public Service Commission requires that all utilities providing nonregulated activities, either directly or through an affiliate to keep separate accounts and allocate costs to ensure that regulated ratepayers do not subsidize the nonregulated activities. This law requires utilities that meet certain revenue levels to file a cost allocation manual to identify the method for segregating costs between regulated and nonregulated activities.

The Kentucky Public Service Commission also directed Kenergy to modify its accounting system to track the costs of serving its customers served direct from transmission lines.

The Uniform System of Accounts – Electric (RUS Bulletin 1767B-1) requires utilities to allocate certain costs to construction and retirement of electric plant activities.

This manual is an indexed compilation and explanation of Kenergy's cost allocation policies and procedures.

DEFINITIONS

Affiliate – A person that controls or is controlled by, or is under common control with a utility.

Arm's Length – The standard of conduct under which unrelated parties, each party acting in its own best interest, would negotiate and carry out a particular transaction.

Control – The power to direct the management or policies of a person through ownership, by contract, or otherwise.

Cost Allocation Manual (CAM) – Indexed compilation and documentation of a company's cost allocation policies and related procedures.

Cost Allocations – The methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).

Common Costs – Costs associated with services or products that are of joint benefit between regulated and non-regulated business units.

Cost Driver – A measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.

Direct Costs – Costs that be specifically identified with a particular service or product.

Distribution Cooperative – A utility formed under KRS Chapter 279 that provides retail electric service.

Electric-Consuming Facilities – Everything that utilizes electric energy from a central station source.

Facility – Includes all property, means, and instrumentalities owned, operated, leased, licensed, used, furnished, or supplied for, by, or in connection with the business or any utility.

Fully Distributed Costs – The sum of the direct costs plus an appropriate share of indirect costs.

Generation & Transmission Cooperative (G&T) – A utility formed under KRS 279 that provides electric generation and transmission service.

Global Costs – Costs that do not have a specific identifiable causal relationship with a particular activity, but apply to all activities.

Incidental Treatment – A utility may report an incidental nonregulated activity as a regulated activity if (a) the revenue from the aggregate of the total of the utility's nonregulated incidental activities does not exceed the lesser of two percent (2%) of the utility's total revenue or one million dollars ($1,000,000) annually; and (b) the nonregulated activity is reasonably related to the utility's regulated activity.

Indirect Costs – Costs that cannot be identified with a particular service or product. This includes, but not limited to overhead costs, administrative and general, and taxes.

Kentucky Public Service Commission (PSC) (Commission) – State regulatory body governing the rates and practices of utilities.

Net Book Value – The book cost, as defined by the uniform system accounts, reduced by related provisions for accumulated depreciation, depletion, or amortization and adjusted for an unamortized plant acquisition adjustment related to the asset.

Nonregulated Activity – The provision of competitive retail gas or electric services or other products or services over which the Commission exerts no regulatory authority.

Person – Includes natural persons, partnerships, corporations, and two (2) or more persons having a joint or common interest.

Prevailing Market Pricing – A generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.

Rate – Means any individual or joint fare, toll, charge, rental, or other compensation for service rendered by any utility, and any rule, regulation, practice, act, requirement, or privilege in any way relating to such fare, toll, charge, rental, or other compensation, and any schedule or tariff or part of a schedule or tariff thereof.

Regulated Activity – A service provided by a utility, the rates and charges of which are regulated by the Commission.

Retail Electric Service – Electric service furnished to a consumer for ultimate consumption.

Service – Any practice or requirement in any way relating to the service of any utility, including the voltage of electricity, the heat units and pressure of gas, the purity, pressure, and quantity of water, and in general the quality, quantity, and pressure of any commodity or product used for or in connection with the business of any utility.

Shared Services – Those centrally-managed services that benefit both the utility and its affiliates/divisions.

Solicit – To engage in or offer for sale a good or service, either directly or indirectly and irrespective of place or audience.

Subsidize – The recovery of costs or the transfer of value from one class of customer, activity, or business unit that is attributable to another.

USoA – Uniform System of Accounts – A system of accounts for public utilities established by the Rural Utilities Service (RUS) of the United States Department of Agriculture and adopted by the Commission.

Utility – A natural person, partnership, or corporation (except a city) who owns, controls, operates or manages a facility in connection with the generation, production, transmission, or distribution of electricity to or for the public, for compensation, for lights, heat, power, or other uses.

Utility Revenue – Operating electric revenue as reported on RUS Form 7, Page 1, Line 1.

Wholesale Electric Service – Electric service generated or purchased and furnished to a retail electric company or another wholesale electric company for further distribution.

REGULATED PRODUCTS AND SERVICES

Distribution of electricity to approximately 53,000 customers served from distribution voltages

Distribution of electricity to 19 customers served from transmission voltages

NON-REGULATED PRODUCTS AND SERVICES

<u>Geothermal System Sales</u>

Kenergy is a wholesale distributor of geothermal systems for Climate Master, selling directly to contractors. Additionally, Kenergy purchases the associated pipe for these installations from GSC, Inc. Installation of geothermal systems is one demand side management technique used on the system.

<u>Long Distance/Dial-Up Internet</u>

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.

Kenergy uses its fiber optic system for company communications between locations. This includes telephone, SCADA, computer networks and the AS400. Additionally, Kenergy utilizes existing fiber assets to provide high-speed Internet services to customers.

<u>Surge Protection</u>

Kenergy leases meter base surge protection devices designed to protect major appliances.

NATURE OF TRANSACTIONS

From the Utility to the Affiliate/Division

Goods, services and use of assets provided by the regulated utility to the nonregulated affiliate/division shall be at the tariffed rate. Non-tariffed items shall be priced at the fully distributed cost or prevailing market price, if available, whichever is greater.

The transfer or sale of assets by the utility to the nonregulated affiliate shall be priced at the greater of the utility's net book value or prevailing market price, if available.

Goods or services provided by a regulated utility to an affiliated regulated utility shall be priced at fully distributed cost.

From the Affiliate/Division to the Utility

Goods, services and use of assets provided to the regulated utility by the nonregulated affiliate/division shall be priced at the lower of the affiliate's fully distributed cost or prevailing market price, if available.

The transfer or sale of assets between regulated affiliates shall be at net book value.

Cost Allocation Methodologies

The cost allocation guidelines provided in this document are designed to allocate costs between construction/retirement, non-regulated and regulated customers served from distribution voltages, and regulated customers served direct from transmission voltage. After they are placed into effect, these allocation procedures will provide a reasonable, but not exact, allocation of costs to the various activities.

It is the intent of this manual to minimize the amount of costs to be allocated and to provide reasonable and simple allocation procedures when certain costs are to be allocated. Therefore, costs will be directly assigned to the activities at all times possible. Labor activity codes will be the primary means for determining what activity is involved and time reporting procedures will be maintained in one-half hour increments. Common costs or costs which cannot be directly assigned will be allocated to the activities on the basis of a rational methodology consistent with commonly used measures of cost causation, except for the items specified by the Rural Utilities Service that are not to be allocated to construction and retirement activities. These allocation methods to be applied to common costs are the following ones:

Number of Accounts

Costs allocated under this method will be allocated proportional to the number of accounts that are served.

Direct Labor Dollars

Costs will be allocated proportionally to the number of direct labor dollars recorded for each activity.

Direct Material Dollars

Cost will be allocated proportionally to the amount of direct material dollars recorded for each activity.

Direct Labor Hours

Costs will be allocated proportionally to the number of hours worked on each activity.

Net Plant

Costs will be allocated proportionally on the basis of net plant.

Global Allocator on Direct Expenses

Costs are allocated proportionally based on net revenue or total dollars involved.

Work Space Size

Costs will be allocated proportionally based on the size of the workspace devoted to a particular activity.

Number of Miles Driven

Costs will be allocated based proportionally on miles driven.

Numbers of Hours Used

Costs will be allocated proportionally on hours logged for each piece of machinery.

Number of Equipment Units

Costs will be allocated based on number of equipment units devoted to a particular activity.

Revenue Dollars

Costs will be allocated based on the Revenue Dollars produced by each activity.

Income Dollars

Costs will be allocated based on income recorded for each activity.

Amount of Investment

Costs will be allocated based on dollars invested in a particular activity.

ACCOUNT NUMBERS

DESCRIPTION	ACCOUNT	BASIS FOR ALLOCATION
Allocated to All Applicable Activities:		
Stores	163.000	Direct Material Dollars
Transportation	184.100	Miles Driven or Std. Account Allocation
Payroll Taxes	184.408	Direct Labor Dollars
Property Taxes	184.407	Net Book Value of Plant
PSC Taxes	184.409	Revenue Less 1/2 of Power Cost
Health, Life, Disability Insurance	184.926	Direct Labor Dollars
Pension Plans	184.927	Direct Labor Dollars
Not Allocated to Construction/Retirement:		
Billing	903.000	Number of Total Active Accounts Billed
Advertising - General	930.100	Number of Total Active Accounts Billed
C&I Program	912.000	Number of Commercial Active Accounts Billed
Office Supplies/General Expenses	921.000	Global Allocator (Revenue $)
Outside Services	923.000	Global Allocator (Revenue $)
Public Relations	913.000	Number of Total Active Accounts Billed
Board of Directors	930.210	Global Allocator (Revenue $)
Misc. General Expenses	930.200	Number of Total Active Accounts Billed
Building/Grounds (including building depreciation)	935.000	Direct Labor Hours
Administrative & General Salaries	920.000	Direct Labor Hours
Regulatory Commission Expenses	928.000	Global Allocator (Revenue $)

Revised 12/15/05

ADOPTION STATEMENT

Kenergy Corp. certifies that a Cost Allocation Manual ("CAM") has been developed, pursuant to KRS 278.2205 as required in House Bill 897. The "CAM" was approved by management and placed in effect on January 1, 2002 and includes amendments through December 2005.

Mark A. Bailey

Mark A. Bailey, President & CEO

12/22/05

Date

Kenergy

P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(270) 926-4141 • FAX (270) 685-2279
(800) 844-4732

EXCERPT FROM THE MINUTES OF A MEETING OF
THE BOARD OF DIRECTORS OF KENERGY CORP.
ON NOVEMBER 9, 2004

WITNESSETH: THAT WHEREAS the Kentucky Public Service Commission has expressed an interest in developing guidelines for electric cooperatives under its jurisdiction to follow with respect to non-regulated businesses, and

WHEREAS, the electric cooperatives in Kentucky, in the spirit of cooperative, have met through a representative committee with members of the staff of said Commission in an effort to reach an agreement relative to the development of voluntary guidelines thus eliminating the necessity for the initiation of an administrative case, and

WHEREAS, the Commission and the representative committee of the jurisdictional electric cooperatives in Kentucky have reached agreement relative to said guidelines, and

WHEREAS, formal action is required by the board of directors of each of the jurisdictional electric cooperatives with respect to the adoption of these voluntary guidelines.

NOW, THEREFORE, BE IT RESOLVED, the board of directors of Kenergy Corp. voluntarily adopts those agreed upon guidelines hereinafter set forth below:

NON-REGULATED BUSINESS GUIDELINES FOR COOPERATIVES
September 1, 2004

Electric cooperatives are unique in many ways. Unlike investor-owned utilities, co-ops are not-for-profit and owned by the people they serve. They are strongly committed to improving their member's quality of life and contributing to the prosperity of Kentucky communities.

Cooperatives are governed by a representative Board of Directors, elected and held accountable by the membership under Kentucky law, Chapter 279. Those directors have a responsibility to conduct the co-ops' business in a prudent, efficient and effective manner.

In some cases, co-ops under the jurisdiction of the Kentucky Public Service Commission may choose to start businesses that fall outside of the regulated arena. In those instances, co-ops recognize their responsibility to their member-owners, and voluntarily agree to the following guidelines.

1. Every cooperative board of directors shall be aware of, and comply with Kentucky statutes and regulations applying to non-regulated business activities. This includes the financing of non-regulated businesses, and the issuance of securities.

2. Before entering into a non-regulated business, cooperatives shall sufficiently determine member need, support or interest in that activity.

3. Cooperatives shall develop a detailed business plan before entering into any non-regulated activities. As a minimum requirement, the business plan shall include a strategic plan, financial expectations, and potential exit strategy. Clear measures for success, goals and objectives, and market research data should also be included but are not required.

4. Cooperatives shall annually report to its member-owners, the nature of the non-regulated business, its financial status and future expectations, as well as any other information deemed appropriate by the Board of Directors. The RECC must file with the Commission a balance sheet and income statement for each non-regulated business if the cooperative has established a separate subsidiary for its non-regulated activities. If the RECC's non-regulated activities are conducted within the cooperative, then filing with the Commission of a statement of revenues and expenses for each non-regulated business would be required. The information to be filed with the Commission shall be filed simultaneously with the PSC annual report. The cooperative may request confidentiality for any information it deems proprietary or competitive.

I, Debra Hayden, Assistant Secretary, hereby certify that the foregoing is a true and correct excerpt excerpt from the minutes of a meeting of the board of directors on November 9, 2004.

Debra Hayden

Assistant Secretary

c: Steve
8-18-05
DH

USDA

United States Department of Agriculture
Rural Development

Rural Business-Cooperative Service • Rural Housing Service • Rural Utilities Service
Washington, DC 20250

AUG 15 2005

Mr. Mark A. Bailey
President and CEO
Kenergy Corporation
P. O. Box 18
Henderson, Kentucky 42419-0018

Dear Mr. Bailey:

Kenergy developed and adopted a cost allocation manual (CAM) in 2002. The adoption of this CAM had a major impact on the types and amounts of costs capitalized to the construction work in progress account. RUS knowledge of Kenergy's CAM comes from the 2002 audited financial statements and a visit to Kenergy on March 30, 2005 by field accountant Anthony S. Bunch. RUS makes the following recommendations to Kenergy in regards to its capitalizing of costs:

1. Stores expenses are capitalized through account 163. The allocation procedures using the CAM are the same as before the CAM was implemented. Therefore, RUS takes no exception to the current method used in allocating stores expenses.
2. Transportation expenses are capitalized through account 184. The allocation procedures using the CAM are the same as before the CAM was implemented. Therefore, RUS takes no exception to the current method used in allocating transportation expenses.
3. General plant depreciation is charged to account 184.403 and is then allocated based on direct labor hours resulting in approximately 37 percent of the total general plant depreciation being capitalized in 2004. Although RUS accounting interpretation # 132 allows for general plant depreciation to be capitalized, a more appropriate allocation method, which more properly correlates the relationship between the general plant items and construction, should be implemented. There must be a direct relationship between the general plant item and construction. Specific identification of the general plant items used by the construction department would be one such method.

4. Property taxes are charged to account 184.407 and are allocated based on asset value. For 2004, less than 2 percent of property taxes were capitalized. Any property taxes capitalized must have a clear and demonstratable relationship to construction work in progress. Generally construction of distribution plant takes place over such a short time-span that is not taxed by the local taxing authority until it is placed in service.
5. Miscellaneous operating costs are accumulated in account 184.588 and are allocated based on direct labor hours. These costs relate to communications and include an amount for labor and benefits of certain Kenergy employees and telephone related costs. For any Kenergy employee who charges labor to construction, a daily time sheet should be maintained or the labor should be charged based on a time study. For allocating telephone related expenses, direct labor hours are not an appropriate allocation basis. A direct relationship must be demonstrated.
6. General management and supervisory costs are charged to account 184.920 and allocated based on direct labor hours. These costs are primarily labor and benefits of certain Kenergy employees including the CEO. For any employee who charges labor to construction on an indirect basis, a valid time study, which supports the charges, should be in place. Generally only the first line supervisor's time is allocated to the construction project.
7. Office equipment and supplies are accumulated in account 184.921 and allocated based on revenue dollars resulting in approximately 23 percent of these costs being capitalized during 2004. While the RUS Work Order Procedure, Bulletin 1767B-2, paragraph 7.1.7 allows office expenses to be capitalized, these costs must be directly related to the construction project.
8. Printing costs are accumulated in account 184.922 and allocated based on revenue dollars. These costs are primarily the labor and benefits of a Kenergy employee in the printing department. For these costs to be capitalized a direct relationship between the employee's work duties and the construction process must be established and daily time sheets prepared accordingly. Generally these costs are not capitalized.
9. Outside service expenses are accumulated in account 184.923 and allocated based on revenue dollars. Some of the charges to this account are recruiting services, attorney insurance, consulting, internal audit fees, and auditing fees. None of these costs have any relationship to construction; therefore none of the costs allocated from 184.923 should be capitalized.
10. Business insurance expenses are accumulated in account 184.924 and are allocated based on direct labor dollars. Primary charges to this account are the labor of administrative personnel. A relationship between this cost and the construction process does not appear to exist; therefore none of these costs should be capitalized.
11. General accounting charges are accumulated in account 184.925 and allocated based on revenue dollars. The charges consist primarily of accounting department personnel labor and benefits. While portions of certain accounting costs such as the work order clerk are acceptable for being capitalized, either daily time sheets or a valid time study should be maintained.

12. Human resource charges are accumulated in account 184.929 and allocated based on direct labor hours. During 2004, approximately 37 percent of this account was capitalized. These charges consisted of administrative personnel labor and benefits and miscellaneous benefits of employees, including uniforms, towels, and break room supplies. There does not appear to be a relationship between most of these charges and the construction process. Therefore, a more appropriate allocation basis that more properly results in capitalizing directly related costs should be developed. Generally these are period costs.
13. Board of directors expenses are accumulated in account 184.931 and are allocated based on revenue dollars. This resulted in approximately 22 percent of these costs being capitalized during 2004. Clearly, there is no relationship between the construction process and the board expenses. Therefore, none of these costs should be capitalized.
14. Building and grounds expenses are accumulated in account 184.935 and are allocated based on direct labor hours, which resulted in 37 percent of these costs being capitalized during 2004. The charges consisted of maintenance personnel labor and benefits, depreciation of structures and improvements, insurance, electricity, property taxes, and other miscellaneous types of building maintenance. While some of the expenses related to the materials warehouse may be charged to account 163 and subsequently capitalized, most of these charges are simply maintenance charges and should not be capitalized.
15. Other administrative and general expenses are accumulated in account 184.940 and are allocated based on revenue dollars. These charges include member service personnel labor and benefits, annual meeting expenses, and capital credit retirement expenses. Clearly there is no relationship between these items and the construction process. Thus, none of the costs should be capitalized.

Because of the conditions attached to your most recent loan approval, advances cannot be approved until these items are resolved. We understand that Kenergy has taken the necessary steps to correct the cost allocations. In order to verify the resolution of these items we would like to schedule a visit from our field accountant during September. Mr. Bunch will be in touch with you to make the appropriate arrangements for his return visit.

If you have any questions or if we can be of any further assistance, please contact the Program Accounting Services Division at 202-720-5227.

Sincerely,

JAMES F. ELLIOTT
Acting Director
Northern Regional Division

KENERGY CORP.

Additional Clarification to the August 15, 2005 RUS letter provided by the RUS auditor during the September 2005 field visit.

General Plant Depreciation – Trenchers, backhoes and other equipment used exclusively for construction activities may be charged to 107.200 and capitalized. Vehicles are to be charged to 184.100. Depreciation on all other items, including buildings, office equipment, furniture, and computer equipment are to be expensed.

Property Taxes – Current Kenergy procedure is acceptable.

Miscellaneous Distribution Expense (Communication) – Capitalization of items charged here is not allowed and all items are to be expensed. This includes telephone bills, cell phones, mobile radios, dispatcher and communication charges, and internet and intranet operations charges.

Administrative/General Expense – Capitalization of office equipment and supplies is not allowed; therefore all items should be expensed.

Printing – Capitalization is not allowed; therefore all items should be expensed.

Outside Services – Capitalization is not allowed unless specific to construction, such as workplans, etc. All other items should be expensed.

Business Liability Insurance – Current Kenergy procedure is acceptable.

Human Resources – The only items permitted to be capitalized are those that have a direct link to field construction activity. Items qualifying for capitalization are uniforms and safety equipment purchased for construction employees to use in the field and the labor and overheads of human resource staff when dealing with construction employees. All other items charged here must be expensed. Time spend by construction employees attending regular safety meetings can be capitalized.

Board of Directors – Capitalization is not allowed; therefore all items should be expensed.

Buildings & Grounds – Utilities, cleaning, repairs and maintenance may be charged to stores (163.000) and transportation (184.1). All other items must be expensed.

Other Administrative & General – Capitalization is not allowed; therefore all items should be expensed.

Support expenses of employees who charge more than 50% of time to Construction – Expenses for office space, furniture, office supplies, copier usage, coffee, cell phones, telephone usage, personal computers and related supplies, training must be expensed.

USDA Rural Development

United States Department of Agriculture
Rural Development

MAR 24 2006

Mr. Mark A. Bailey
President and CEO
Kenergy Corp.
P. O. Box 18
Henderson, Kentucky 42419-0018

Dear Mr. Bailey:

In response to your letter dated February 15, 2006, we have reviewed the information submitted regarding Kenergy Corp.'s additional clarification of cost allocation procedures pertaining to global/common costs and its determination as to whether such costs are to be expensed in the period incurred or capitalized to the construction in progress at the time. The Rural Development Utilities Programs takes no exception with this additional clarification as it pertains to our August 15, 2005, letter addressing the same.

Additionally, we would concur that if senior management time is documented based on actual time spent on capital projects, this portion of management salaries can be capitalized.

Your letter also seeks clarification on the criteria for capitalizing Allowance for Funds Used During Construction. Please refer to Bulletin 1767 B-1, Uniform System of Accounts– Electric (USoA), Section 1767.16, Electric Plant Instructions, paragraph (c) (17), which indicates that Allowance for Funds Used During Construction (AFUDC) is properly includable in the cost of construction. While interest during construction (IDC) can be eligible for financing, it is generally not financed on distribution projects because of the short construction period.

Please contact the Program Accounting Services Division at 202-720-5227 if you have any questions or if we can be of any further assistance.

Sincerely,

Brian D Jenkins

BRIAN D. JENKINS
Acting Director
Northern Regional Division
Electric Programs

1400 Independence Ave, SW - Washington, DC 20250-0700
Web: http://www.rurdev.usda.gov

9116	8 31	070020	CASH RECEIPTS		686.08	$	13,063.92
415.000		0010	REVENUES FROM GEOTHERMAL			$	.00
9117	1 31	070030	CASH DISBURSEMENTS		271.94	$	271.94CR
9118	1 31	070231	76REVERSE ACCOUNTS PAYABLE	55.64		$	216.30CR
9119	1 31	070504	32GEOTHERMAL SALES		10,809.61	$	11,025.91CR
9120	2 28	070030	CASH DISBURSEMENTS		144.47	$	11,170.38CR
9121	2 28	070504	32GEOTHERMAL SALES		8,429.28	$	19,599.66CR
9122	3 31	070030	CASH.DISBURSEMENTS		95.76	$	19,695.42CR
9123	3 31	070504	32GEOTHERMAL SALES		9,672.93	$	29,368.35CR
9124	4 30	070030	CASH DISBURSEMENTS		168.68	$	29,537.03CR
9125	4 30	070504	32GEOTHERMAL SALES		2,873.99	$	32,411.02CR
9126	5 31	070030	CASH DISBURSEMENTS		364.54	$	32,775.56CR
9127	5 31	070037	85CORRECT CASH DISTRIBUTION		95.00	$	32,870.56CR
9128	5 31	070504	32GEOTHERMAL SALES		29,296.74	$	62,167.30CR
9129	6 30	070030	CASH DISBURSEMENTS		114.68	$	62,281.98CR
9130	6 30	070504	32GEOTHERMAL SALES		10,921.10	$	73,203.08CR
9131	7 31	070030	CASH DISBURSEMENTS		372.68	$	73,575.76CR
9132	7 31	070504	32GEOTHERMAL SALES		10,572.33	$	84,148.09CR
9133	8 31	070030	CASH DISBURSEMENTS		223.46	$	84,371.55CR
9134	8 31	070504	32GEOTHERMAL SALES		12,856.31	$	97,227.86CR
9135	9 30	070030	CASH DISBURSEMENTS		109.73	$	97,337.59CR
9136	9 30	070504	32GEOTHERMAL SALES		15,862.29	$	113,199.88CR
9137	10 31	070020	CASH RECEIPTS		10.00	$	113,209.88CR
9138	10 31	070030	CASH DISBURSEMENTS		361.60	$	113,571.48CR
9139	10 31	070504	32GEOTHERMAL SALES		30,387.73	$	143,959.21CR
9140	11 30	070030	CASH DISBURSEMENTS		464.50	$	144,423.71CR
9141	11 30	070504	32GEOTHERMAL SALES		44,987.28	$	189,410.99CR
9142	12 31	070030	CASH DISBURSEMENTS		294.99	$	189,705.98CR
9143	12 31	070230	119ACCOUNTS PAYABLE		148.60	$	189,854.58CR
9144	12 31	070504	32GEOTHERMAL SALES		17,389.96	$	207,244.54CR
9145	12 31	070504	32GEOTHERMAL SALES		1,012.36	$	208,256.90CR
415.600		0010	REVENUES-SURGE PROTECTOR SALES			$	.00
415.601		0010	REVENUE-SURGE PROTECTORS LEASED			$	.00

9146	1	31	070400	SALES		1,310.00	$	1,310.00CR
9147	2	28	070400	SALES		1,300.00	$	2,610.00CR
9148	3	30	070400	SALES		1,310.00	$	3,920.00CR
9149	4	30	070400	SALES		1,305.00	$	5,225.00CR
9150	5	31	070400	SALES		1,305.00	$	6,530.00CR
9151	6	30	070400	SALES		1,305.00	$	7,835.00CR
9152	7	31	070400	SALES		1,320.00	$	9,155.00CR
9153	8	31	070400	SALES		1,345.00	$	10,500.00CR
9154	9	28	070400	SALES		1,370.00	$	11,870.00CR
9155	10	31	070400	SALES		1,395.00	$	13,265.00CR
9156	11	30	070400	SALES		1,400.00	$	14,665.00CR
9157	12	31	070400	SALES		1,410.00	$	16,075.00CR
416.000			0010	COSTS & EXPENSES-GEOTHERMAL			$	.00
9158	1	00	070250	ACCRUED PAYROLL	426.36	94.48	$	331.88
9159	1	21	070040	PAYROLL DISTRIBUTION-LABOR	866.20		$	1,198.08
9160	1	21	070041	PENSION FUND	83.64		$	1,281.72
9161	1	21	070042	HEALTH INSURANCE	390.09		$	1,671.81
9162	1	21	070043	WORKMANS COMPENSATION-P/L P/D	50.36		$	1,722.17
9163	1	21	070044	FICA	87.91		$	1,810.08
9164	1	21	070045	UNEMPLOYMENT INSURANCE	15.16		$	1,825.24
9165	1	21	070051	VACATION ACCRUAL	88.22		$	1,913.46
9166	1	21	070052	HOLIDAY & FLEX	175.81		$	2,089.27
9167	1	21	070053	SICK LEAVE	2.32		$	2,091.59
9168	1	31	070200	87TRANSFER ASSET/LIABILITY-A/C TO A/C		15.88	$	2,075.71
9169	1	31	070505	33GEOTHERMAL COGS	8,323.90		$	10,399.61
9170	1	31	079200	55ALLOCATE GEN MGMT/SUP COST	313.76		$	10,713.37
9171	1	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	21.16		$	10,734.53
9172	1	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	11.53		$	10,746.06
9173	1	31	079302	59ALLCOATE OTHER A&G COSTS	42.06		$	10,788.12
9174	1	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	27.74		$	10,815.86
9175	1	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	108.50		$	10,924.36
9176	2	00	070250	ACCRUED PAYROLL	385.24	426.36	$	10,883.24
9177	2	18	070040	PAYROLL DISTRIBUTION-LABOR	1,105.49		$	11,988.73
9178	2	18	070041	PENSION FUND	78.25		$	12,066.98
9179	2	18	070042	HEALTH INSURANCE	340.57		$	12,407.55
9180	2	18	070043	WORKMANS COMPENSATION-P/L P/D	45.43		$	12,452.98
9181	2	18	070044	FICA	83.78		$	12,536.76

9182	2	18	070045	UNEMPLOYMENT INSURANCE	11.56		$	12,548.32
9183	2	18	070051	VACATION ACCRUAL	84.71		$	12,633.03
9184	2	18	070053	SICK LEAVE	7.60		$	12,640.63
9185	2	28	070505	33GEOTHERMAL COGS	6,767.44		$	19,408.07
9186	2	28	079200	55ALLOCATE GEN MGMT/SUP COST	291.39		$	19,699.46
9187	2	28	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	9.51		$	19,708.97
9188	2	28	079230	58ALLCOATE OUTSIDE SERVICE COSTS	23.72		$	19,732.69
9189	2	28	079302	59ALLCOATE OTHER A&G COSTS	21.24		$	19,753.93
9190	2	28	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	18.76		$	19,772.69
9191	2	28	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	113.05		$	19,885.74
9192	3	00	070250	ACCRUED PAYROLL	364.39	385.24	$	19,864.89
9193	3	18	070040	PAYROLL DISTRIBUTION-LABOR	1,088.01		$	20,952.90
9194	3	18	070041	PENSION FUND	74.06		$	21,026.96
9195	3	18	070042	HEALTH INSURANCE	338.62		$	21,365.58
9196	3	18	070043	WORKMANS COMPENSATION-P/L P/D	45.37		$	21,410.95
9197	3	18	070044	FICA	81.33		$	21,492.28
9198	3	18	070045	UNEMPLOYMENT INSURANCE	.63		$	21,492.91
9199	3	18	070051	VACATION ACCRUAL	81.52		$	21,574.43
9200	3	31	070043	84WORKMANS COMPENSATION-P/L P/D		6.13	$	21,568.30
9201	3	31	070200	79TRANSFER ASSET/LIABILITY-A/C TO A/C		466.99	$	21,101.31
9202	3	31	070505	33GEOTHERMAL COGS	7,770.79		$	28,872.10
9203	3	31	079200	55ALLOCATE GEN MGMT/SUP COST	298.25		$	29,170.35
9204	3	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	6.62		$	29,176.97
9205	3	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	8.40		$	29,185.37
9206	3	31	079302	59ALLCOATE OTHER A&G COSTS	13.40		$	29,198.77
9207	3	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	10.55		$	29,209.32
9208	3	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	88.45		$	29,297.77
9209	4	00	070250	ACCRUED PAYROLL	108.04	364.39	$	29,041.42
9210	4	29	070040	PAYROLL DISTRIBUTION-LABOR	1,149.26		$	30,190.68
9211	4	29	070041	PENSION FUND	92.80		$	30,283.48
9212	4	29	070042	HEALTH INSURANCE	279.56		$	30,563.04
9213	4	29	070043	WORKMANS COMPENSATION-P/L P/D	54.49		$	30,617.53
9214	4	29	070044	FICA	101.65		$	30,719.18
9215	4	29	070051	VACATION ACCRUAL	99.62		$	30,818.80
9216	4	29	070053	SICK LEAVE	14.32		$	30,833.12
9217	4	30	070505	33GEOTHERMAL COGS	2,165.07		$	32,998.19
9218	4	30	079200	55ALLOCATE GEN MGMT/SUP COST	278.72		$	33,276.91
9219	4	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	7.82		$	33,284.73
9220	4	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	25.13		$	33,309.86
9221	4	30	079302	59ALLCOATE OTHER A&G COSTS	24.12		$	33,333.98
9222	4	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	19.18		$	33,353.16
9223	4	30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	97.23		$	33,450.39
9224	5	00	070250	ACCRUED PAYROLL	176.24	108.04	$	33,518.59
9225	5	27	070040	PAYROLL DISTRIBUTION-LABOR	1,030.30		$	34,548.89
9226	5	27	070041	PENSION FUND	73.47		$	34,622.36
9227	5	27	070042	HEALTH INSURANCE	328.05		$	34,950.41
9228	5	27	070043	WORKMANS COMPENSATION-P/L P/D	43.17		$	34,993.58
9229	5	27	070044	FICA	79.58		$	35,073.16
9230	5	27	070051	VACATION ACCRUAL	79.27		$	35,152.43
9231	5	27	070053	SICK LEAVE	8.32		$	35,160.75

9232	5	31	070505	33GEOTHERMAL COGS	23,570.60		$	58,731.35
9233	5	31	079200	55ALLOCATE GEN MGMT/SUP COST	247.65		$	58,979.00
9234	5	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	9.01		$	58,988.01
9235	5	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	4.24		$	58,992.25
9236	5	31	079302	59ALLCOATE OTHER A&G COSTS	7.75		$	59,000.00
9237	5	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	7.18		$	59,007.18
9238	5	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	86.73		$	59,093.91
9239	6	00	070250	ACCRUED PAYROLL	255.49	176.24	$	59,173.16
9240	6	24	070040	PAYROLL DISTRIBUTION-LABOR	1,016.90		$	60,190.06
9241	6	24	070041	PENSION FUND	76.71		$	60,266.77
9242	6	24	070042	HEALTH INSURANCE	340.17		$	60,606.94
9243	6	24	070043	WORKMANS COMPENSATION-P/L P/D	44.66		$	60,651.60
9244	6	24	070044	FICA -	82.78		$	60,734.38
9245	6	24	070051	VACATION ACCRUAL	82.51		$	60,816.89
9246	6	24	070052	HOLIDAY & FLEX	55.59		$	60,872.48
9247	6	24	070054	MISC	6.48		$	60,878.96
9248	6	30	070505	33GEOTHERMAL COGS	7,303.76		$	68,182.72
9249	6	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES		18.91	$	68,163.81
9250	6	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	4.92		$	68,168.73
9251	6	30	079302	59ALLCOATE OTHER A&G COSTS	104.08		$	68,272.81
9252	7	00	070250	ACCRUED PAYROLL	448.57	255.49	$	68,465.89
9253	7	22	070040	PAYROLL DISTRIBUTION-LABOR	1,017.46		$	69,483.35
9254	7	22	070041	PENSION FUND	81.09		$	69,564.44
9255	7	22	070042	HEALTH INSURANCE	342.33		$	69,906.77
9256	7	22	070043	WORKMANS COMPENSATION-P/L P/D	44.54		$	69,951.31
9257	7	22	070044	FICA	83.47		$	70,034.78
9258	7	22	070051	VACATION ACCRUAL	82.62		$	70,117.40
9259	7	22	070052	HOLIDAY & FLEX	56.13		$	70,173.53
9260	7	22	070053	SICK LEAVE	8.01		$	70,181.54
9261	7	31	070200	82TRANSFER ASSET/LIABILITY-A/C TO A/	426.42		$	70,607.96
9262	7	31	070200	82TRANSFER ASSET/LIABILITY-A/C TO A/	37.59		$	70,645.55
9263	7	31	070200	82TRANSFER ASSET/LIABILITY-A/C TO A/	95.34		$	70,740.89
9264	7	31	070505	33GEOTHERMAL COGS	9,141.77		$	79,882.66
9265	7	31	079200	55ALLOCATE GEN MGMT/SUP COST	243.45		$	80,126.11
9266	7	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	14.27		$	80,140.38
9267	7	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	9.19		$	80,149.57
9268	7	31	079302	59ALLCOATE OTHER A&G COSTS	42.98		$	80,192.55
9269	7	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	27.36		$	80,219.91
9270	8	00	070250	ACCRUED PAYROLL	539.38	448.57	$	80,310.72
9271	8	19	070040	PAYROLL DISTRIBUTION-LABOR	1,085.45		$	81,396.17
9272	8	19	070041	PENSION FUND	82.71		$	81,478.88
9273	8	19	070042	HEALTH INSURANCE	376.35		$	81,855.23
9274	8	19	070043	WORKMANS COMPENSATION-P/L P/D	44.92		$	81,900.15
9275	8	19	070044	FICA	87.17		$	81,987.32
9276	8	19	070051	VACATION ACCRUAL	84.24		$	82,071.56
9277	8	19	070053	SICK LEAVE	23.76		$	82,095.32
9278	8	31	070505	33GEOTHERMAL COGS	7,523.30		$	89,618.62
9279	8	31	079200	55ALLOCATE GEN MGMT/SUP COST	290.81		$	89,909.43
9280	8	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	8.24		$	89,917.67
9281	8	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	6.18		$	89,923.85

9282	8	31	079302	59ALLCOATE OTHER A&G COSTS	13.17		$	89,937.02
9283	8	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	8.38		$	89,945.40
9284	8	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	110.60		$	90,056.00
9285	9	00	070250	ACCRUED PAYROLL		539.38	$	89,516.62
9286	9	30	070040	PAYROLL DISTRIBUTION-LABOR	1,516.75		$	91,033.37
9287	9	30	070041	PENSION FUND	120.74		$	91,154.11
9288	9	30	070042	HEALTH INSURANCE	361.42		$	91,515.53
9289	9	30	070043	WORKMANS COMPENSATION-P/L P/D	65.02		$	91,580.55
9290	9	30	070044	FICA	127.61		$	91,708.16
9291	9	30	070051	VACATION ACCRUAL	123.15		$	91,831.31
9292	9	30	070052	HOLIDAY & FLEX	55.91		$	91,887.22
9293	9	30	070053	SICK LEAVE	7.48		$	91,894.70
9294	9	30	070505	33GEOTHERMAL COGS	12,267.03		$	104,161.73
9295	9	30	079200	55ALLOCATE GEN MGMT/SUP COST	378.38		$	104,540.11
9296	9	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	15.12		$	104,555.23
9297	9	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	7.47		$	104,562.70
9298	9	30	079302	59ALLCOATE OTHER A&G COSTS	50.38		$	104,613.08
9299	9	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	25.12		$	104,638.20
9300	9	30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	133.92		$	104,772.12
9301	10	00	070250	ACCRUED PAYROLL	211.32	539.38	$	104,444.06
9302	10	28	070040	PAYROLL DISTRIBUTION-LABOR	1,201.74		$	105,645.80
9303	10	28	070041	PENSION FUND	108.41		$	105,754.21
9304	10	28	070042	HEALTH INSURANCE	471.61		$	106,225.82
9305	10	28	070043	WORKMANS COMPENSATION-P/L P/D	45.22		$	106,271.04
9306	10	28	070044	FICA	107.16		$	106,378.20
9307	10	28	070051	VACATION ACCRUAL	100.07		$	106,478.27
9308	10	28	070053	SICK LEAVE	82.34		$	106,560.61
9309	10	31	070030	CASH DISBURSEMENTS	30.69		$	106,591.30
9310	10	31	070200	85TRANSFER ASSET/LIABILITY-A/C TO A/	218.08		$	106,809.38
9311	10	31	070200	85TRANSFER ASSET/LIABILITY-A/C TO A/C		218.80	$	106,590.58
9312	10	31	070250	102ACCRUED PAYROLL	539.38		$	107,129.96
9313	10	31	070505	33GEOTHERMAL COGS	23,196.60		$	130,326.56
9314	10	31	079200	55ALLOCATE GEN MGMT/SUP COST	282.86		$	130,609.42
9315	10	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	15.18		$	130,624.60
9316	10	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	6.34		$	130,630.94
9317	10	31	079301	54ALLCOATE ADVERTISING EXP	.15		$	130,631.09
9318	10	31	079302	59ALLCOATE OTHER A&G COSTS	59.21		$	130,690.30
9319	10	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	20.99		$	130,711.29
9320	10	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	109.71		$	130,821.00
9321	11	00	070250	ACCRUED PAYROLL	314.02	211.32	$	130,923.70
9322	11	25	070040	PAYROLL DISTRIBUTION-LABOR	1,099.10		$	132,022.80
9323	11	25	070041	PENSION FUND	93.74		$	132,116.54
9324	11	25	070042	HEALTH INSURANCE	416.71		$	132,533.25
9325	11	25	070043	WORKMANS COMPENSATION-P/L P/D	44.54		$	132,577.79
9326	11	25	070044	FICA	96.31		$	132,674.10
9327	11	25	070051	VACATION ACCRUAL	92.33		$	132,766.43
9328	11	25	070052	HOLIDAY & FLEX	127.57		$	132,894.00
9329	11	25	070053	SICK LEAVE	14.67		$	132,908.67
9330	11	30	070505	33GEOTHERMAL COGS	36,812.52		$	169,721.19
9331	11	30	079200	55ALLOCATE GEN MGMT/SUP COST	281.13		$	170,002.32

9332	11 30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	29.41		$	170,031.73
9333	11 30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	3.38		$	170,035.11
9334	11 30	079302	59ALLCOATE OTHER A&G COSTS	96.56		$	170,131.67
9335	11 30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	67.24		$	170,198.91
9336	11 30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	121.51		$	170,320.42
9337	12 00	070250	ACCRUED PAYROLL	121.24	314.02	$	170,127.64
9338	12 23	070040	PAYROLL DISTRIBUTION-LABOR	1,210.29		$	171,337.93
9339	12 23	070041	PENSION FUND	99.18		$	171,437.11
9340	12 23	070042	HEALTH INSURANCE	228.06		$	171,665.17
9341	12 23	070043	WORKMANS COMPENSATION-P/L P/D	46.31		$	171,711.48
9342	12 23	070044	FICA	103.27		$	171,814.75
9343	12 23	070051	VACATION ACCRUAL	97.57		$	171,912.32
9344	12 23	070053	SICK LEAVE	59.25		$	171,971.57
9345	12 31	070041	108PENSION FUND	4.73		$	171,976.30
9346	12 31	070042	110HEALTH INSURANCE	2.64		$	171,978.94
9347	12 31	070042	127HEALTH INSURANCE	2.45		$	171,981.39
9348	12 31	070043	107WORKMANS COMPENSATION-P/L P/D		12.26	$	171,969.13
9349	12 31	070149	106PREPAID INSURANCE WRITE-OFF		12.21	$	171,956.92
9350	12 31	070200	113TRANSFER ASSET/LIABILITY-A/C TO A/	20.30		$	171,977.22
9351	12 31	070505	33GEOTHERMAL COGS	11,271.65		$	183,248.87
9352	12 31	070505	33GEOTHERMAL COGS	2,473.30		$	185,722.17
9353	12 31	070522	121ACCOUNTS RECEIVABLE - OTHER		56.43	$	185,665.74
9354	12 31	079200	55ALLOCATE GEN MGMT/SUP COST	284.96		$	185,950.70
9355	12 31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	44.41		$	185,995.11
9356	12 31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	18.61		$	186,013.72
9357	12 31	079302	59ALLCOATE OTHER A&G COSTS	122.33		$	186,136.05
9358	12 31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	75.49		$	186,211.54
9359	12 31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	126.92		$	186,338.46
416.100		0010	GENERAL MERCHANDISING ACTIVITIES			$	.00
9360	1 31	070200	88TRANSFER ASSET/LIABILITY-A/C TO A/C		26.03	$	26.03CR
9361	1 31	070250	89ACCRUED PAYROLL		143.40	$	169.43CR
9362	6 00	070250	ACCRUED PAYROLL	44.12		$	125.31CR
9363	6 24	070040	PAYROLL DISTRIBUTION-LABOR	88.24		$	37.07CR
9364	6 24	070041	PENSION FUND	24.36		$	12.71CR
9365	6 24	070042	HEALTH INSURANCE	22.46		$	9.75
9366	6 24	070043	WORKMANS COMPENSATION-P/L P/D	.78		$	10.53
9367	6 24	070044	FICA	8.61		$	19.14
9368	6 24	070051	VACATION ACCRUAL	11.31		$	30.45
9369	6 24	070052	HOLIDAY & FLEX	5.88		$	36.33
9370	6 30	070270	CLEARING-TRANSPORTATION	2.19		$	38.52
9371	7 00	070250	ACCRUED PAYROLL		44.12	$	5.60CR
9372	7 22	070040	PAYROLL DISTRIBUTION-LABOR	88.24		$	82.64
9373	7 22	070041	PENSION FUND	19.62		$	102.26
9374	7 22	070042	HEALTH INSURANCE	18.08		$	120.34
9375	7 22	070043	WORKMANS COMPENSATION-P/L P/D	.64		$	120.98
9376	7 22	070044	FICA	6.94		$	127.92

9377	7	22	070051	VACATION ACCRUAL	9.12		$	137.04
9378	7	22	070052	HOLIDAY & FLEX	4.74		$	141.78
9379	7	31	070270	CLEARING-TRANSPORTATION	2.60		$	144.38
9380	7	31	079200	55ALLOCATE GEN MGMT/SUP COST	12.33		$	156.71
9381	7	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	4.99		$	161.70
9382	8	19	070040	PAYROLL DISTRIBUTION-LABOR	22.06		$	183.76
9383	8	19	070041	PENSION FUND	4.56		$	188.32
9384	8	19	070042	HEALTH INSURANCE	4.45		$	192.77
9385	8	19	070043	WORKMANS COMPENSATION-P/L P/D	.15		$	192.92
9386	8	19	070044	FICA	1.63		$	194.55
9387	8	19	070051	VACATION ACCRUAL	2.12		$	196.67
9388	8	31	070270	CLEARING-TRANSPORTATION	.45		$	197.12
9389	8	31	079200	55ALLOCATE GEN MGMT/SUP COST	3.42		$	200.54
9390	8	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	1.30		$	201.84
9391	12	31	070041	108PENSION FUND	.22		$	202.06
9392	12	31	070042	110HEALTH INSURANCE	.03		$	202.09
9393	12	31	070043	107WORKMANS COMPENSATION-P/L P/D		.01	$	202.08
9394	12	31	070051	112VACATION ACCRUAL		6.78	$	195.30
9395	12	31	070051	112VACATION ACCRUAL	50.87		$	246.17
9396	12	31	070051	112VACATION ACCRUAL	6.78		$	252.95
9397	12	31	070149	106PREPAID INSURANCE WRITE-OFF		.06	$	252.89
9398	12	31	070200	84TRANSFER ASSET/LIABILITY-A/C TO A/C		215.74	$	37.15
9399	12	31	070200	84TRANSFER ASSET/LIABILITY-A/C TO A/C		823.50	$	786.35CR
9400	12	31	070200	115TRANSFER ASSET/LIABILITY-A/C TO A/	27.51		$	758.84CR
9401	12	31	070250	114ACCRUED PAYROLL	151.61		$	607.23CR
9402	12	31	070522	121ACCOUNTS RECEIVABLE - OTHER		.60	$	607.83CR

416.600			0010	COST & EXPENSES - SURGE PROTECTORS			$	.00
9403	1	00	070250	ACCRUED PAYROLL	83.46	35.16	$	48.30
9404	1	21	070040	PAYROLL DISTRIBUTION-LABOR	107.81		$	156.11
9405	1	21	070041	PENSION FUND	15.20		$	171.31
9406	1	21	070042	HEALTH INSURANCE	36.54		$	207.85
9407	1	21	070043	WORKMANS COMPENSATION-P/L P/D	.98		$	208.83
9408	1	21	070044	FICA	10.27		$	219.10
9409	1	21	070045	UNEMPLOYMENT INSURANCE	1.79		$	220.89
9410	1	21	070051	VACATION ACCRUAL	10.71		$	231.60
9411	1	21	070052	HOLIDAY & FLEX	20.43		$	252.03
9412	1	21	070053	SICK LEAVE	2.61		$	254.64
9413	1	31	070200	87TRANSFER ASSET/LIABILITY-A/C TO A/C		5.91	$	248.73
9414	1	31	070507	41SURGE PROTECTION COGS/AMORT	123.54		$	372.27
9415	1	31	071407	50CLEAR PROPERTY TAXES	3.13		$	375.40
9416	1	31	079030	52ALLOCATE BILLING COSTS	195.82		$	571.22
9417	1	31	079200	55ALLOCATE GEN MGMT/SUP COST	40.34		$	611.56
9418	1	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	5.65		$	617.21
9419	1	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	3.08		$	620.29
9420	1	31	079301	54ALLCOATE ADVERTISING EXP	.39		$	620.68
9421	1	31	079302	59ALLCOATE OTHER A&G COSTS	11.24		$	631.92
9422	1	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	7.41		$	639.33

9423	1	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	13.95		$	653.28
9424	2	00	070250	ACCRUED PAYROLL	129.71	83.46	$	699.53
9425	2	18	070040	PAYROLL DISTRIBUTION-LABOR	251.38		$	950.91
9426	2	18	070041	PENSION FUND	29.76		$	980.67
9427	2	18	070042	HEALTH INSURANCE	64.93		$	1,045.60
9428	2	18	070043	WORKMANS COMPENSATION-P/L P/D	1.68		$	1,047.28
9429	2	18	070044	FICA	18.91		$	1,066.19
9430	2	18	070045	UNEMPLOYMENT INSURANCE	3.01		$	1,069.20
9431	2	18	070051	VACATION ACCRUAL	19.07		$	1,088.27
9432	2	18	070053	SICK LEAVE	2.16		$	1,090.43
9433	2	28	070507	41SURGE PROTECTION COGS/AMORT	123.54		$	1,213.97
9434	2	28	071407	50CLEAR PROPERTY TAXES	3.13		$	1,217.10
9435	2	28	079030	52ALLOCATE BILLING COSTS	199.50		$	1,416.60
9436	2	28	079200	55ALLOCATE GEN MGMT/SUP COST	71.15		$	1,487.75
9437	2	28	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	4.61		$	1,492.36
9438	2	28	079230	58ALLCOATE OUTSIDE SERVICE COSTS	11.50		$	1,503.86
9439	2	28	079301	54ALLCOATE ADVERTISING EXP	.08		$	1,503.94
9440	2	28	079302	59ALLCOATE OTHER A&G COSTS	10.30		$	1,514.24
9441	2	28	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	9.10		$	1,523.34
9442	2	28	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	27.60		$	1,550.94
9443	3	00	070250	ACCRUED PAYROLL	58.33	129.71	$	1,479.56
9444	3	18	070040	PAYROLL DISTRIBUTION-LABOR	213.18		$	1,692.74
9445	3	18	070041	PENSION FUND	27.53		$	1,720.27
9446	3	18	070042	HEALTH INSURANCE	55.97		$	1,776.24
9447	3	18	070043	WORKMANS COMPENSATION-P/L P/D	1.43		$	1,777.67
9448	3	18	070044	FICA	16.13		$	1,793.80
9449	3	18	070045	UNEMPLOYMENT INSURANCE	.13		$	1,793.93
9450	3	18	070051	VACATION ACCRUAL	15.82		$	1,809.75
9451	3	31	070043	84WORKMANS COMPENSATION-P/L P/D		.31	$	1,809.44
9452	3	31	070507	41SURGE PROTECTION COGS/AMORT	569.66		$	2,379.10
9453	3	31	070507	41SURGE PROTECTION COGS/AMORT	123.54		$	2,502.64
9454	3	31	071407	50CLEAR PROPERTY TAXES	3.13		$	2,505.77
9455	3	31	079030	52ALLOCATE BILLING COSTS	212.03		$	2,717.80
9456	3	31	079200	55ALLOCATE GEN MGMT/SUP COST	63.16		$	2,780.96
9457	3	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	4.76		$	2,785.72
9458	3	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	6.05		$	2,791.77
9459	3	31	079302	59ALLCOATE OTHER A&G COSTS	9.64		$	2,801.41
9460	3	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	7.59		$	2,809.00
9461	3	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	18.73		$	2,827.73
9462	4	00	070250	ACCRUED PAYROLL	24.13	58.33	$	2,793.53
9463	4	29	070040	PAYROLL DISTRIBUTION-LABOR	280.76		$	3,074.29
9464	4	29	070041	PENSION FUND	32.84		$	3,107.13
9465	4	29	070042	HEALTH INSURANCE	56.73		$	3,163.86
9466	4	29	070043	WORKMANS COMPENSATION-P/L P/D	4.98		$	3,168.84
9467	4	29	070044	FICA	24.15		$	3,192.99
9468	4	29	070051	VACATION ACCRUAL	24.23		$	3,217.22
9469	4	29	070053	SICK LEAVE	1.02		$	3,218.24
9470	4	30	070200	66TRANSFER ASSET/LIABILITY-A/C TO A/C		569.66	$	2,648.58
9471	4	30	070507	41SURGE PROTECTION COGS/AMORT	105.57		$	2,754.15
9472	4	30	071407	50CLEAR PROPERTY TAXES	3.13		$	2,757.28

9473	4	30	079030	52ALLOCATE BILLING COSTS	277.24		$	3,034.52
9474	4	30	079200	55ALLOCATE GEN MGMT/SUP COST	71.23		$	3,105.75
9475	4	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	4.97		$	3,110.72
9476	4	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	15.97		$	3,126.69
9477	4	30	079302	59ALLCOATE OTHER A&G COSTS	15.33		$	3,142.02
9478	4	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	12.19		$	3,154.21
9479	4	30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	24.85		$	3,179.06
9480	5	00	070250	ACCRUED PAYROLL	12.07	24.13	$	3,167.00
9481	5	27	070040	PAYROLL DISTRIBUTION-LABOR	391.36		$	3,558.36
9482	5	27	070041	PENSION FUND	47.36		$	3,605.72
9483	5	27	070042	HEALTH INSURANCE	118.26		$	3,723.98
9484	5	27	070043	WORKMANS COMPENSATION-P/L P/D	5.40		$	3,729.38
9485	5	27	070044	FICA-	34.02		$	3,763.40
9486	5	27	070051	VACATION ACCRUAL	34.98		$	3,798.38
9487	5	27	070053	SICK LEAVE	3.02		$	3,801.40
9488	5	31	070507	41SURGE PROTECTION COGS/AMORT	105.57		$	3,906.97
9489	5	31	071407	50CLEAR PROPERTY TAXES	3.13		$	3,910.10
9490	5	31	079030	52ALLOCATE BILLING COSTS	185.46		$	4,095.56
9491	5	31	079200	55ALLOCATE GEN MGMT/SUP COST	99.06		$	4,194.62
9492	5	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	13.40		$	4,208.02
9493	5	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	6.30		$	4,214.32
9494	5	31	079302	59ALLCOATE OTHER A&G COSTS	11.53		$	4,225.85
9495	5	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	10.67		$	4,236.52
9496	5	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	34.69		$	4,271.21
9497	6	00	070250	ACCRUED PAYROLL	99.15	12.07	$	4,358.29
9498	6	24	070040	PAYROLL DISTRIBUTION-LABOR	150.04		$	4,508.33
9499	6	24	070041	PENSION FUND	17.68		$	4,526.01
9500	6	24	070042	HEALTH INSURANCE	50.26		$	4,576.27
9501	6	24	070043	WORKMANS COMPENSATION-P/L P/D	3.78		$	4,580.05
9502	6	24	070044	FICA	13.96		$	4,594.01
9503	6	24	070051	VACATION ACCRUAL	14.34		$	4,608.35
9504	6	24	070052	HOLIDAY & FLEX	9.34		$	4,617.69
9505	6	24	070054	MISC	6.48		$	4,624.17
9506	6	30	070507	41SURGE PROTECTION COGS/AMORT	105.57		$	4,729.74
9507	6	30	071407	50CLEAR PROPERTY TAXES	3.13		$	4,732.87
9508	6	30	079030	52ALLOCATE BILLING COSTS	205.37		$	4,938.24
9509	6	30	079200	55ALLOCATE GEN MGMT/SUP COST	426.42		$	5,364.66
9510	6	30	079200	55ALLOCATE GEN MGMT/SUP COST	21.59		$	5,386.25
9511	6	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES		3.99	$	5,382.26
9512	6	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	1.04		$	5,383.30
9513	6	30	079301	54ALLCOATE ADVERTISING EXP	.06		$	5,383.36
9514	6	30	079302	59ALLCOATE OTHER A&G COSTS	21.96		$	5,405.32
9515	6	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	37.59		$	5,442.91
9516	6	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	7.93		$	5,450.84
9517	6	30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	95.34		$	5,546.18
9518	6	30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	4.83		$	5,551.01
9519	7	00	070250	ACCRUED PAYROLL	75.02	99.15	$	5,526.88
9520	7	22	070040	PAYROLL DISTRIBUTION-LABOR	385.14		$	5,912.02
9521	7	22	070041	PENSION FUND	43.47		$	5,955.49
9522	7	22	070042	HEALTH INSURANCE	119.82		$	6,075.31

9523	7	22	070043	WORKMANS COMPENSATION-P/L P/D	9.23		$	6,084.54
9524	7	22	070044	FICA	33.03		$	6,117.57
9525	7	22	070051	VACATION ACCRUAL	33.52		$	6,151.09
9526	7	22	070052	HOLIDAY & FLEX	22.12		$	6,173.21
9527	7	22	070053	SICK LEAVE	4.34		$	6,177.55
9528	7	31	070200	82TRANSFER ASSET/LIABILITY-A/C TO A/C		426.42	$	5,751.13
9529	7	31	070200	82TRANSFER ASSET/LIABILITY-A/C TO A/C		37.59	$	5,713.54
9530	7	31	070200	82TRANSFER ASSET/LIABILITY-A/C TO A/C		95.34	$	5,618.20
9531	7	31	070507	41SURGE PROTECTION COGS/AMORT	105.57		$	5,723.77
9532	7	31	071407	50CLEAR PROPERTY TAXES	3.13		$	5,726.90
9533	7	31	079030	52ALLOCATE BILLING COSTS	202.99		$	5,929.89
9534	7	31	079200	55ALLOCATE GEN MGMT/SUP COST	95.53		$	6,025.42
9535	7	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	4.99		$	6,030.41
9536	7	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	3.21		$	6,033.62
9537	7	31	079302	59ALLCOATE OTHER A&G COSTS	15.03		$	6,048.65
9538	7	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	9.57		$	6,058.22
9539	7	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	98.63		$	6,156.85
9540	7	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	38.70		$	6,195.55
9541	8	00	070250	ACCRUED PAYROLL	238.73	75.02	$	6,359.26
9542	8	19	070040	PAYROLL DISTRIBUTION-LABOR	299.07		$	6,658.33
9543	8	19	070041	PENSION FUND	32.83		$	6,691.16
9544	8	19	070042	HEALTH INSURANCE	97.50		$	6,788.66
9545	8	19	070043	WORKMANS COMPENSATION-P/L P/D	7.19		$	6,795.85
9546	8	19	070044	FICA	25.77		$	6,821.62
9547	8	19	070051	VACATION ACCRUAL	25.92		$	6,847.54
9548	8	19	070053	SICK LEAVE	35.48		$	6,883.02
9549	8	31	070150	7PREPAID WRITE-OFFS OTHER	5.38		$	6,888.40
9550	8	31	070507	41SURGE PROTECTION COGS/AMORT	763.83		$	7,652.23
9551	8	31	070507	41SURGE PROTECTION COGS/AMORT	115.71		$	7,767.94
9552	8	31	071407	50CLEAR PROPERTY TAXES	3.10		$	7,771.04
9553	8	31	079030	52ALLOCATE BILLING COSTS	214.63		$	7,985.67
9554	8	31	079200	55ALLOCATE GEN MGMT/SUP COST	82.11		$	8,067.78
9555	8	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	6.03		$	8,073.81
9556	8	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	4.52		$	8,078.33
9557	8	31	079302	59ALLCOATE OTHER A&G COSTS	9.64		$	8,087.97
9558	8	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	6.14		$	8,094.11
9559	8	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	31.23		$	8,125.34
9560	9	00	070250	ACCRUED PAYROLL		238.73	$	7,886.61
9561	9	30	070040	PAYROLL DISTRIBUTION-LABOR	762.41		$	8,649.02
9562	9	30	070041	PENSION FUND	87.03		$	8,736.05
9563	9	30	070042	HEALTH INSURANCE	164.09		$	8,900.14
9564	9	30	070043	WORKMANS COMPENSATION-P/L P/D	15.12		$	8,915.26
9565	9	30	070044	FICA	66.27		$	8,981.53
9566	9	30	070051	VACATION ACCRUAL	66.01		$	9,047.54
9567	9	30	070052	HOLIDAY & FLEX	29.04		$	9,076.58
9568	9	30	070053	SICK LEAVE	17.89		$	9,094.47
9569	9	30	070150	7PREPAID WRITE-OFFS OTHER	2.15		$	9,096.62
9570	9	30	070507	41SURGE PROTECTION COGS/AMORT	115.71		$	9,212.33
9571	9	30	071407	50CLEAR PROPERTY TAXES	3.10		$	9,215.43
9572	9	30	079030	52ALLOCATE BILLING COSTS	279.92		$	9,495.35
9573	9	30	079200	55ALLOCATE GEN MGMT/SUP COST	197.14		$	9,692.49

9574	9	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	3.66		$	9,696.15
9575	9	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	1.81		$	9,697.96
9576	9	30	079302	59ALLCOATE OTHER A&G COSTS	12.19		$	9,710.15
9577	9	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	6.08		$	9,716.23
9578	9	30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	69.78		$	9,786.01
9579	10	00	070250	ACCRUED PAYROLL	74.01	238.73	$	9,621.29
9580	10	28	070040	PAYROLL DISTRIBUTION-LABOR	307.51		$	9,928.80
9581	10	28	070041	PENSION FUND	40.05		$	9,968.85
9582	10	28	070042	HEALTH INSURANCE	111.40		$	10,080.25
9583	10	28	070043	WORKMANS COMPENSATION-P/L P/D	7.23		$	10,087.48
9584	10	28	070044	FICA	29.82		$	10,117.30
9585	10	28	070051	VACATION ACCRUAL	29.70		$	10,147.00
9586	10	28	070053	SICK.LEAVE	13.25		$	10,160.25
9587	10	31	070150	7PREPAID WRITE-OFFS OTHER	.58		$	10,160.83
9588	10	31	070200	76TRANSFER ASSET/LIABILITY-A/C TO A/C		763.83	$	9,397.00
9589	10	31	070250	102ACCRUED PAYROLL	238.73		$	9,635.73
9590	10	31	070507	41SURGE PROTECTION COGS/AMORT	115.71		$	9,751.44
9591	10	31	071407	50CLEAR PROPERTY TAXES	3.19		$	9,754.63
9592	10	31	079030	52ALLOCATE BILLING COSTS	208.49		$	9,963.12
9593	10	31	079200	55ALLOCATE GEN MGMT/SUP COST	72.16		$	10,035.28
9594	10	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	5.61		$	10,040.89
9595	10	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	2.35		$	10,043.24
9596	10	31	079302	59ALLCOATE OTHER A&G COSTS	21.89		$	10,065.13
9597	10	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	7.76		$	10,072.89
9598	10	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	27.99		$	10,100.88
9599	11	00	070250	ACCRUED PAYROLL	87.09	74.01	$	10,113.96
9600	11	25	070040	PAYROLL DISTRIBUTION-LABOR	261.87		$	10,375.83
9601	11	25	070041	PENSION FUND	30.25		$	10,406.08
9602	11	25	070042	HEALTH INSURANCE	90.23		$	10,496.31
9603	11	25	070043	WORKMANS COMPENSATION-P/L P/D	7.45		$	10,503.76
9604	11	25	070044	FICA	23.50		$	10,527.26
9605	11	25	070051	VACATION ACCRUAL	23.38		$	10,550.64
9606	11	25	070052	HOLIDAY & FLEX	31.03		$	10,581.67
9607	11	25	070053	SICK LEAVE	.16		$	10,581.83
9608	11	30	070507	41SURGE PROTECTION COGS/AMORT	115.71		$	10,697.54
9609	11	30	071407	50CLEAR PROPERTY TAXES	3.19		$	10,700.73
9610	11	30	079030	52ALLOCATE BILLING COSTS	213.78		$	10,914.51
9611	11	30	079200	55ALLOCATE GEN MGMT/SUP COST	67.86		$	10,982.37
9612	11	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	5.43		$	10,987.80
9613	11	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	.62		$	10,988.42
9614	11	30	079302	59ALLCOATE OTHER A&G COSTS	17.81		$	11,006.23
9615	11	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	12.40		$	11,018.63
9616	11	30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	29.33		$	11,047.96
9617	12	00	070250	ACCRUED PAYROLL	36.20	87.09	$	10,997.07
9618	12	23	070040	PAYROLL DISTRIBUTION-LABOR	300.08		$	11,297.15
9619	12	23	070041	PENSION FUND	30.68		$	11,327.83
9620	12	23	070042	HEALTH INSURANCE	67.24		$	11,395.07
9621	12	23	070043	WORKMANS COMPENSATION-P/L P/D	7.56		$	11,402.63
9622	12	23	070044	FICA	25.92		$	11,428.55
9623	12	23	070051	VACATION ACCRUAL	25.56		$	11,454.11

9624	12	23	070053	SICK LEAVE	13.40		$	11,467.51
9625	12	31	070041	108PENSION FUND	1.93		$	11,469.44
9626	12	31	070042	110HEALTH INSURANCE	.65		$	11,470.09
9627	12	31	070043	107WORKMANS COMPENSATION-P/L P/D		1.30	$	11,468.79
9628	12	31	070149	106PREPAID INSURANCE WRITE-OFF		1.83	$	11,466.96
9629	12	31	070200	113TRANSFER ASSET/LIABILITY-A/C TO A/	6.06		$	11,473.02
9630	12	31	070507	41SURGE PROTECTION COGS/AMORT	245.12		$	11,718.14
9631	12	31	070522	121ACCOUNTS RECEIVABLE - OTHER		13.83	$	11,704.31
9632	12	31	071407	50CLEAR PROPERTY TAXES	3.38		$	11,707.69
9633	12	31	079030	52ALLOCATE BILLING COSTS	206.14		$	11,913.83
9634	12	31	079200	55ALLOCATE GEN MGMT/SUP COST	71.24		$	11,985.07
9635	12	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	7.20		$	11,992.27
9636	12	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	3.02		$	11,995.29
9637	12	31	079302	59ALLCOATE OTHER A&G COSTS	19.82		$	12,015.11
9638	12	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	12.23		$	12,027.34
9639	12	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	31.73		$	12,059.07
417.000			0010	REVENUES-NON UTILITY OPS			$	.00
9640	10	31	070200	99TRANSFER ASSET/LIABILITY-A/C TO A/	300.00		$	300.00
9641	12	31	070200	131TRANSFER ASSET/LIABILITY-A/C TO A/C		300.00	$	.00
417.002			0010	REVENUE-INTERNET-LOCAL/LONG DISTANC			$	.00
9642	1	31	070020	CASH RECEIPTS		2,441.18	$	2,441.18CR
9643	2	28	070020	CASH RECEIPTS		2,326.10	$	4,767.28CR
9644	2	28	070200	77TRANSFER ASSET/LIABILITY-A/C TO A/C		1,339.65	$	6,106.93CR
9645	2	28	070200	77TRANSFER ASSET/LIABILITY-A/C TO A/C		1,274.69	$	7,381.62CR
9646	2	28	070200	77TRANSFER ASSET/LIABILITY-A/C TO A/C		11.79	$	7,393.41CR
9647	3	31	070020	CASH RECEIPTS		2,457.41	$	9,850.82CR
9648	4	30	070020	CASH RECEIPTS		2,061.78	$	11,912.60CR
9649	4	30	070200	76TRANSFER ASSET/LIABILITY-A/C TO A/C		1,239.95	$	13,152.55CR
9650	4	30	070200	76TRANSFER ASSET/LIABILITY-A/C TO A/C		1,246.49	$	14,399.04CR
9651	5	31	070020	CASH RECEIPTS		2,199.45	$	16,598.49CR
9652	5	31	070200	62TRANSFER ASSET/LIABILITY-A/C TO A/C		1,119.93	$	17,718.42CR
9653	6	30	070020	CASH RECEIPTS		751.51	$	18,469.93CR
9654	6	30	070200	97TRANSFER ASSET/LIABILITY-A/C TO A/C		1,167.77	$	19,637.70CR
9655	7	31	070020	CASH RECEIPTS		2,065.75	$	21,703.45CR
9656	7	31	070200	73TRANSFER ASSET/LIABILITY-A/C TO A/C		1,090.61	$	22,794.06CR
9657	8	31	070020	CASH RECEIPTS		2,085.54	$	24,879.60CR
9658	8	31	070200	76TRANSFER ASSET/LIABILITY-A/C TO A/C		1,117.41	$	25,997.01CR

9659	9 30	070020	CASH RECEIPTS		1,977.81	$	27,974.82CR
9660	9 30	070200	80TRANSFER ASSET/LIABILITY-A/C TO A/C		1,009.44	$	28,984.26CR
9661	10 31	070020	CASH RECEIPTS		1,949.41	$	30,933.67CR
9662	10 31	070200	83TRANSFER ASSET/LIABILITY-A/C TO A/C		1,010.62	$	31,944.29CR
9663	11 30	070020	CASH RECEIPTS		1,921.27	$	33,865.56CR
9664	11 30	070200	83TRANSFER ASSET/LIABILITY-A/C TO A/C		1,059.15	$	34,924.71CR
9665	12 31	070020	CASH RECEIPTS		1,929.64	$	36,854.35CR
9666	12 31	070200	72TRANSFER ASSET/LIABILITY-A/C TO A/C		959.03	$	37,813.38CR
417.006		0010	POINT-TO-POINT FIBER SERVICE-REVENU			$	.00
9667	4 30	070200	92TRANSFER ASSET/LIABILITY-A/C TO A/	200.00		$	200.00
9668	4 30	070400	SALES	100.00	300.00	$	.00
9669	5 31	070400	SALES	10.00	300.00	$	290.00CR
9670	6 30	070200	91TRANSFER ASSET/LIABILITY-A/C TO A/	575.00		$	285.00
9671	6 30	070400	SALES	15.00	300.00	$	.00
9672	7 31	070400	SALES		300.00	$	300.00CR
9673	8 31	070400	SALES		300.00	$	600.00CR
9674	9 28	070400	SALES		300.00	$	900.00CR
9675	9 30	070032	88CORRECT CASH RECEIPTS	900.00		$	.00
9676	10 31	070400	SALES		300.00	$	300.00CR
9677	11 30	070400	SALES	15.00	300.00	$	585.00CR
9678	12 31	070200	91TRANSFER ASSET/LIABILITY-A/C TO A/	885.00		$	300.00
9679	12 31	070400	SALES		300.00	$	.00
417.007		0010	REVENUE-WIRELESS ISP			$	.00
9680	1 31	070400	SALES		164.04	$	164.04CR
9681	2 28	070030	CASH DISBURSEMENTS	99.00		$	65.04CR
9682	2 28	070400	SALES	99.00	99.00	$	65.04CR
9683	6 30	070200	92TRANSFER ASSET/LIABILITY-A/C TO A/	47.97		$	17.07CR
417.100		0010	EXPENSES-NON UTILITY OPS			$	.00

9684	12 31	070044	111FICA		14.59	$	14.59CR
417.102		0010	EXPENSES-INTERNET-LOCAL/LONG DISTAN			$	.00
9685	2 28	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	8.59		$	8.59
9686	2 28	079230	58ALLCOATE OUTSIDE SERVICE COSTS	21.43		$	30.02
9687	2 28	079302	59ALLCOATE OTHER A&G COSTS	19.19		$	49.21
9688	2 28	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	16.95		$	66.16
9689	3 31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	18.14		$	84.30
9690	3 31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	23.03		$	107.33
9691	3 31	079302	59ALLCOATE OTHER A&G COSTS	36.73		$	144.06
9692	3 31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	28.93		$	172.99
9693	4 30	079200	55ALLOCATE GEN MGMT/SUP COST	12.39		$	185.38
9694	4 30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	9.33		$	194.71
9695	4 30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	29.96		$	224.67
9696	4 30	079302	59ALLCOATE OTHER A&G COSTS	28.76		$	253.43
9697	4 30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	22.87		$	276.30
9698	4 30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	4.32		$	280.62
9699	5 31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	46.69		$	327.31
9700	5 31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	21.97		$	349.28
9701	5 31	079302	59ALLCOATE OTHER A&G COSTS	40.19		$	389.47
9702	5 31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	37.19		$	426.66
9703	6 30	079200	55ALLOCATE GEN MGMT/SUP COST	64.78		$	491.44
9704	6 30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES		10.15	$	481.29
9705	6 30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	2.64		$	483.93
9706	6 30	079302	59ALLCOATE OTHER A&G COSTS	55.85		$	539.78
9707	6 30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	20.17		$	559.95
9708	6 30	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	14.48		$	574.43
9709	7 31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	7.34		$	581.77
9710	7 31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	4.73		$	586.50
9711	7 31	079302	59ALLCOATE OTHER A&G COSTS	22.11		$	608.61
9712	7 31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	14.07		$	622.68
9713	8 31	071407	50CLEAR PROPERTY TAXES	11.87		$	634.55
9714	8 31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	14.42		$	648.97
9715	8 31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	10.81		$	659.78
9716	8 31	079302	59ALLCOATE OTHER A&G COSTS	23.06		$	682.84
9717	8 31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	14.67		$	697.51
9718	9 30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	8.71		$	706.22
9719	9 30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	4.31		$	710.53
9720	9 30	079302	59ALLCOATE OTHER A&G COSTS	29.04		$	739.57
9721	9 30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	14.48		$	754.05
9722	10 31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	12.24		$	766.29
9723	10 31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	5.12		$	771.41

9724	10	31	079302	59ALLCOATE OTHER A&G COSTS	47.74	$	819.15
9725	10	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	16.93	$	836.08
9726	11	30	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	11.51	$	847.59
9727	11	30	079230	58ALLCOATE OUTSIDE SERVICE COSTS	1.32	$	848.91
9728	11	30	079302	59ALLCOATE OTHER A&G COSTS	37.79	$	886.70
9729	11	30	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	26.31	$	913.01
9730	12	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	15.32	$	928.33
9731	12	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS	6.42	$	934.75
9732	12	31	079302	59ALLCOATE OTHER A&G COSTS	42.20	$	976.95
9733	12	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	26.04	$	1,002.99
417.105			0010	EXPENSES-HOME SECURITY		$	.00
9734	1	31	070075	110AMORTIZATION-HOME SECURITY-CPU'S	23.72	$	23.72
9735	2	28	070075	78AMORTIZATION-HOME SECURITY-CPU'S	23.72	$	47.44
9736	3	31	070075	43AMORTIZATION-HOME SECURITY-CPU'S	23.72	$	71.16
9737	4	30	070200	78TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	94.88
9738	5	31	070200	43TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	118.60
9739	6	30	070200	43TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	142.32
9740	7	31	070200	45TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	166.04
9741	8	31	070200	43TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	189.76
9742	8	31	071407	50CLEAR PROPERTY TAXES	.28	$	190.04
9743	9	30	070200	43TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	213.76
9744	9	30	071407	50CLEAR PROPERTY TAXES	.28	$	214.04
9745	10	31	070200	77TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	237.76
9746	10	31	071407	50CLEAR PROPERTY TAXES	.29	$	238.05
9747	11	30	070200	43TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	261.77
9748	11	30	071407	50CLEAR PROPERTY TAXES	.29	$	262.06
9749	12	31	070200	71TRANSFER ASSET/LIABILITY-A/C TO A/	23.72	$	285.78
9750	12	31	071407	50CLEAR PROPERTY TAXES	.30	$	286.08
417.106			0010	EXPENSES-POINT TO POINT FIBER SERV		$	.00
9751	1	21	070040	PAYROLL DISTRIBUTION-LABOR	381.93	$	381.93
9752	1	21	070041	PENSION FUND	72.13	$	454.06
9753	1	21	070042	HEALTH INSURANCE	99.33	$	553.39

9754	1	21	070043	WORKMANS COMPENSATION-P/L P/D	21.87		$	575.26
9755	1	21	070044	FICA	39.17		$	614.43
9756	1	21	070045	UNEMPLOYMENT INSURANCE	6.56		$	620.99
9757	1	21	070051	VACATION ACCRUAL	43.35		$	664.34
9758	1	21	070052	HOLIDAY & FLEX	75.64		$	739.98
9759	1	21	070053	SICK LEAVE	6.88		$	746.86
9760	1	31	070200	109TRANSFER ASSET/LIABILITY-A/C TO A/C		768.02	$	21.16CR
9761	1	31	070270	CLEARING-TRANSPORTATION	21.16		$	.00
9762	2	28	071407	50CLEAR PROPERTY TAXES	1.06		$	1.06
9763	3	00	070250	ACCRUED PAYROLL	66.18		$	67.24
9764	3	18	070040	PAYROLL DISTRIBUTION-LABOR	22.06		$	89.30
9765	3	18	070041	PENSION FUND	4.80		$	94.10
9766	3	18	070042	HEALTH INSURANCE	4.43		$	98.53
9767	3	18	070043	WORKMANS COMPENSATION-P/L P/D	.16		$	98.69
9768	3	18	070044	FICA	1.70		$	100.39
9769	3	18	070051	VACATION ACCRUAL	2.23		$	102.62
9770	3	18	070053	SICK LEAVE	1.16		$	103.78
9771	3	31	070043	84WORKMANS COMPENSATION-P/L P/D		.89	$	102.89
9772	3	31	070200	86TRANSFER ASSET/LIABILITY-A/C TO A/	149.38		$	252.27
9773	3	31	070270	CLEARING-TRANSPORTATION	.47		$	252.74
9774	3	31	071407	50CLEAR PROPERTY TAXES	1.06		$	253.80
9775	3	31	079200	55ALLOCATE GEN MGMT/SUP COST	3.51		$	257.31
9776	3	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	1.04		$	258.35
9777	4	00	070250	ACCRUED PAYROLL		66.18	$	192.17
9778	4	29	070040	PAYROLL DISTRIBUTION-LABOR	95.89		$	288.06
9779	4	29	070041	PENSION FUND	18.93		$	306.99
9780	4	29	070042	HEALTH INSURANCE	14.04		$	321.03
9781	4	29	070043	WORKMANS COMPENSATION-P/L P/D	.80		$	321.83
9782	4	29	070044	FICA	8.96		$	330.79
9783	4	29	070051	VACATION ACCRUAL	11.54		$	342.33
9784	4	30	070200	68TRANSFER ASSET/LIABILITY-A/C TO A/C		258.35	$	83.98
9785	4	30	070270	CLEARING-TRANSPORTATION	3.85		$	87.83
9786	5	31	071407	50CLEAR PROPERTY TAXES	1.06		$	88.89
9787	7	31	070200	83TRANSFER ASSET/LIABILITY-A/C TO A/C		88.89	$	.00
9788	9	30	079301	54ALLCOATE ADVERTISING EXP	.05		$	.05
9789	12	31	070200	91TRANSFER ASSET/LIABILITY-A/C TO A/C		.05	$	.00
417.107			0010	EXPESES-WIRELESS ISP			$	.00
9790	2	28	071407	50CLEAR PROPERTY TAXES	31.65		$	31.65
9791	2	28	079030	52ALLOCATE BILLING COSTS	3.69		$	35.34
9792	2	28	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES	.58		$	35.92
9793	2	28	079230	58ALLCOATE OUTSIDE SERVICE COSTS	1.44		$	37.36
9794	2	28	079302	59ALLCOATE OTHER A&G COSTS	1.29		$	38.65

9795	2	28	079321	60ALLOCATE BOARD OF DIRECTOR COSTS	1.14		$	39.79
9796	3	31	070200	86TRANSFER ASSET/LIABILITY-A/C TO A/	2,498.71		$	2,538.50
9797	3	31	070610	67DELETED WORKORDERS	2,214.35		$	4,752.85
9798	3	31	071407	50CLEAR PROPERTY TAXES	31.65		$	4,784.50
9799	3	31	079210	57ALLOCATE OFFICE EQUIP/SUPPLIES		.36	$	4,784.14
9800	3	31	079230	58ALLCOATE OUTSIDE SERVICE COSTS		.46	$	4,783.68
9801	3	31	079302	59ALLCOATE OTHER A&G COSTS		.73	$	4,782.95
9802	3	31	079321	60ALLOCATE BOARD OF DIRECTOR COSTS		.58	$	4,782.37
9803	4	30	071407	50CLEAR PROPERTY TAXES	31.65		$	4,814.02
9804	4	30	079030	52ALLOCATE BILLING COSTS	10.63		$	4,824.65
9805	5	27	070040	PAYROLL DISTRIBUTION-LABOR	66.18		$	4,890.83
9806	5	27	070041	PENSION FUND	13.70		$	4,904.53
9807	5	27	070042	HEALTH INSURANCE	12.63		$	4,917.16
9808	5	27	070043	WORKMANS COMPENSATION-P/L P/D	.44		$	4,917.60
9809	5	27	070044	FICA	4.84		$	4,922.44
9810	5	27	070051	VACATION ACCRUAL	6.36		$	4,928.80
9811	5	31	070270	CLEARING-TRANSPORTATION	3.28		$	4,932.08
9812	5	31	071407	50CLEAR PROPERTY TAXES	31.65		$	4,963.73
9813	5	31	079030	52ALLOCATE BILLING COSTS	7.11		$	4,970.84
9814	5	31	079200	55ALLOCATE GEN MGMT/SUP COST	9.29		$	4,980.13
9815	5	31	079350	56ALLOCATE BULIDINGS/GROUNDS COSTS	3.25		$	4,983.38
9816	6	30	070200	93TRANSFER ASSET/LIABILITY-A/C TO A/	2,498.71		$	7,482.09
9817	6	30	070200	113TRANSFER ASSET/LIABILITY-A/C TO A/C		88.89	$	7,393.20
9818	6	30	071407	50CLEAR PROPERTY TAXES	31.65		$	7,424.85
9819	6	30	079030	52ALLOCATE BILLING COSTS	7.87		$	7,432.72
9820	7	31	070200	83TRANSFER ASSET/LIABILITY-A/C TO A/	88.89		$	7,521.61
9821	7	31	071407	50CLEAR PROPERTY TAXES	31.65		$	7,553.26
9822	7	31	079030	52ALLOCATE BILLING COSTS	7.68		$	7,560.94
9823	8	31	079030	52ALLOCATE BILLING COSTS	8.01		$	7,568.95
9824	9	30	070200	89TRANSFER ASSET/LIABILITY-A/C TO A/	2,498.71		$	10,067.66
9825	9	30	071407	50CLEAR PROPERTY TAXES	11.87		$	10,079.53
9826	9	30	079030	52ALLOCATE BILLING COSTS	10.22		$	10,089.75
9827	10	31	071407	50CLEAR PROPERTY TAXES	12.21		$	10,101.96
9828	10	31	079030	52ALLOCATE BILLING COSTS	7.50		$	10,109.46
9829	10	31	079301	54ALLCOATE ADVERTISING EXP	.01		$	10,109.47
9830	11	30	071407	50CLEAR PROPERTY TAXES	12.21		$	10,121.68
9831	11	30	079030	52ALLOCATE BILLING COSTS	7.64		$	10,129.32
9832	12	31	070041	108PENSION FUND	.06		$	10,129.38
9833	12	31	070042	110HEALTH INSURANCE	.01		$	10,129.39
9834	12	31	070149	106PREPAID INSURANCE WRITE-OFF		.02	$	10,129.37
9835	12	31	070200	73TRANSFER ASSET/LIABILITY-A/C TO A/	2,498.71		$	12,628.08
9836	12	31	070522	121ACCOUNTS RECEIVABLE - OTHER		.17	$	12,627.91
9837	12	31	071407	50CLEAR PROPERTY TAXES	12.91		$	12,640.82

9838	12 31	079030	52ALLOCATE BILLING COSTS	7.31		$	12,648.13
418.100		0010	EQUITY IN EARNINGS OF SUBSIDIARY			$	.00
419.000		0010	INTEREST-DIVIDEND INCOME			$	.00
9839	1 31	070020	CASH RECEIPTS		66.56	$	66.56CR
9840	1 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		48,435.21	$	48,501.77CR
9841	1 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,501.37	$	53,003.14CR
9842	1 31	070140	21INTEREST INCOME - BRANCH BANKS		649.06	$	53,652.20CR
9843	1 31	070196	27CSB LOAN FUND ACTIVITY		6,724.47	$	60,376.67CR
9844	1 31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	68,454.03CR
9845	2 28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		43,765.51	$	112,219.54CR
9846	2 28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,501.37		$	107,718.17CR
9847	2 28	070140	21INTEREST INCOME - BRANCH BANKS		711.47	$	108,429.64CR
9848	2 28	070195	27INVESTMENT ACTIVITY		6,106.44	$	114,536.08CR
9849	2 28	070450	14INTEREST ACCRUAL-INVESTMENTS		7,295.12	$	121,831.20CR
9850	3 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		48,858.50	$	170,689.70CR
9851	3 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		1,261.14	$	171,950.84CR
9852	3 31	070140	21INTEREST INCOME - BRANCH BANKS		435.81	$	172,386.65CR
9853	3 31	070140	21INTEREST INCOME - BRANCH BANKS	182.04		$	172,204.61CR
9854	3 31	070195	27INVESTMENT ACTIVITY		6,266.86	$	178,471.47CR
9855	3 31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.26	$	186,548.73CR
9856	3 31	070450	14INTEREST ACCRUAL-INVESTMENTS		.33	$	186,549.06CR
9857	4 30	070020	CASH RECEIPTS		66.56	$	186,615.62CR
9858	4 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		47,522.24	$	234,137.86CR
9859	4 30	070140	21INTEREST INCOME - BRANCH BANKS		480.47	$	234,618.33CR
9860	4 30	070195	27INVESTMENT ACTIVITY		5,300.95	$	239,919.28CR
9861	4 30	070195	27INVESTMENT ACTIVITY	168.39		$	239,750.89CR
9862	4 30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.80	$	247,567.69CR
9863	5 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,326.54	$	296,894.23CR
9864	5 31	070140	21INTEREST INCOME - BRANCH BANKS		360.48	$	297,254.71CR
9865	5 31	070140	21INTEREST INCOME - BRANCH BANKS		5.17	$	297,259.88CR
9866	5 31	070195	27INVESTMENT ACTIVITY		3,539.56	$	300,799.44CR
9867	5 31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	308,876.80CR
9868	6 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	666.12		$	308,210.68CR
9869	6 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		47,912.65	$	356,123.33CR
9870	6 30	070140	21INTEREST INCOME - BRANCH BANKS		318.29	$	356,441.62CR
9871	6 30	070195	27INVESTMENT ACTIVITY		4,377.12	$	360,818.74CR
9872	6 30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.80	$	368,635.54CR
9873	7 31	070020	CASH RECEIPTS		65.94	$	368,701.48CR
9874	7 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,753.03	$	418,454.51CR
9875	7 31	070140	21INTEREST INCOME - BRANCH BANKS		394.24	$	418,848.75CR

9915	6 30 070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,376.71	$	26,241.79CR
9916	7 31 070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,501.37	$	30,743.16CR
9917	8 31 070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,567.07	$	35,310.23CR
9918	9 30 070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,006.85	$	39,317.08CR
419.300	0010	ERC INTEREST INCOME			$	.00
9919	1 31 070131	30INTEREST ACCRUAL - ERC LOANS		26.99	$	26.99CR
9920	2 28 070131	30INTEREST ACCRUAL - ERC LOANS		38.99	$	65.98CR
9921	3 31 070131	30INTEREST ACCRUAL - ERC LOANS		21.14	$	87.12CR
9922	4 30 070131	30INTEREST ACCRUAL - ERC LOANS		51.42	$	138.54CR
9923	5 31 070131	30INTEREST ACCRUAL - ERC LOANS		34.42	$	172.96CR
9924	6 30 070131	30INTEREST ACCRUAL - ERC LOANS		20.93	$	193.89CR
9925	7 31 070131	30INTEREST ACCRUAL - ERC LOANS		42.39	$	236.28CR
9926	9 30 070131	30INTEREST ACCRUAL - ERC LOANS		57.47	$	293.75CR
9927	10 31 070131	30INTEREST ACCRUAL - ERC LOANS	2.75		$	291.00CR
9928	11 30 070131	30INTEREST ACCRUAL - ERC LOANS		25.27	$	316.27CR
9929	12 31 070131	30INTEREST ACCRUAL - ERC LOANS		23.87	$	340.14CR
421.000	0010	MISC NON-OPERATING INC-DEDUCTIONS			$	.00
9930	2 28 070020	CASH RECEIPTS		267.91	$	267.91CR
9931	3 31 070020	CASH RECEIPTS		528.00	$	795.91CR
9932	12 31 070020	CASH RECEIPTS		30.69	$	826.60CR
421.100	0010	GAIN ON DISPOSITION OF PROPERTY			$	.00
9933	5 31 070020	CASH RECEIPTS		7,765.00	$	7,765.00CR
9934	5 31 070500	73RETIREMENTS FROM GENERAL PLANT	1,447.12		$	6,317.88CR
9935	5 31 070500	73RETIREMENTS FROM GENERAL PLANT	750.00		$	5,567.88CR
9936	5 31 070500	73RETIREMENTS FROM GENERAL PLANT	750.00		$	4,817.88CR
9937	5 31 070500	73RETIREMENTS FROM GENERAL PLANT		3,000.00	$	7,817.88CR

9876	7	31	070195	27INVESTMENT ACTIVITY		4,811.73	$	423,660.48CR
9877	7	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	431,737.84CR
9878	8	31	070020	CASH RECEIPTS		10,612.60	$	442,350.44CR
9879	8	31	070131	30INTEREST ACCRUAL - ERC LOANS		29.42	$	442,379.86CR
9880	8	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,855.89	$	492,235.75CR
9881	8	31	070140	21INTEREST INCOME - BRANCH BANKS		402.83	$	492,638.58CR
9882	8	31	070140	21INTEREST INCOME - BRANCH BANKS		12.41	$	492,650.99CR
9883	8	31	070195	27INVESTMENT ACTIVITY		804.24	$	493,455.23CR
9884	8	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	501,532.59CR
9885	9	30	070020	CASH RECEIPTS		5,173.57	$	506,706.16CR
9886	9	30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		46,962.09	$	553,668.25CR
9887	9	30	070140	21INTEREST INCOME - BRANCH BANKS		299.25	$	553,967.50CR
9888	9	30	070195	27INVESTMENT ACTIVITY		5,887.15	$	559,854.65CR
9889	9	30	070195	27INVESTMENT ACTIVITY		7,456.50	$	567,311.15CR
9890	9	30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.80	$	575,127.95CR
9891	10	31	070020	CASH RECEIPTS		5,797.69	$	580,925.64CR
9892	10	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,280.41	$	630,206.05CR
9893	10	31	070140	21INTEREST INCOME - BRANCH BANKS		420.36	$	630,626.41CR
9894	10	31	070195	27INVESTMENT ACTIVITY		6,243.98	$	636,870.39CR
9895	10	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	644,947.75CR
9896	11	30	070020	CASH RECEIPTS		6,709.31	$	651,657.06CR
9897	11	30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		45,935.51	$	697,592.57CR
9898	11	30	070140	21INTEREST INCOME - BRANCH BANKS	8.00		$	697,584.57CR
9899	11	30	070140	21INTEREST INCOME - BRANCH BANKS		105.03	$	697,689.60CR
9900	11	30	070195	27INVESTMENT ACTIVITY		6,010.20	$	703,699.80CR
9901	11	30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.73	$	711,516.53CR
9902	12	31	070020	CASH RECEIPTS		6,677.16	$	718,193.69CR
9903	12	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		44,382.53	$	762,576.22CR
9904	12	31	070140	21INTEREST INCOME - BRANCH BANKS		330.39	$	762,906.61CR
9905	12	31	070140	21INTEREST INCOME - BRANCH BANKS		12.82	$	762,919.43CR
9906	12	31	070140	21INTEREST INCOME - BRANCH BANKS		26.50	$	762,945.93CR
9907	12	31	070195	27INVESTMENT ACTIVITY		5,698.84	$	768,644.77CR
9908	12	31	070200	102TRANSFER ASSET/LIABILITY-A/C TO A/C		112,190.63	$	880,835.40CR
9909	12	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	888,912.76CR
419.100			0010	INTEREST-COMMONWEALTH DEPOSIT			$	.00
9910	2	28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,046.58	$	4,046.58CR
9911	2	28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,501.37	$	8,547.95CR
9912	3	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,501.37	$	13,049.32CR
9913	4	30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,335.62	$	17,384.94CR
9914	5	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,480.14	$	21,865.08CR

9938	6 30 070500	81RETIREMENTS FROM GENERAL PLANT	2,883.59		$	4,934.29CR
9939	12 31 070230	117ACCOUNTS PAYABLE		22,000.00	$	26,934.29CR
9940	12 31 070230	117ACCOUNTS PAYABLE		22,000.00	$	48,934.29CR
9941	12 31 070500	116RETIREMENTS FROM GENERAL PLANT	10,729.46		$	38,204.83CR
9942	12 31 070500	116RETIREMENTS FROM GENERAL PLANT	10,683.88		$	27,520.95CR
421.200	0010	LOSS ON DISPOSITION OF PROPERTY			$	.00
9943	4 30 070500	65RETIREMENTS FROM GENERAL PLANT	4,242.73		$	4,242.73
9944	5 31 070020	CASH RECEIPTS		1,856.00	$	2,386.73
9945	5 31 070500	79RETIREMENTS FROM GENERAL PLANT	5,252.94		$	7,639.67
9946	6 30 070020	CASH RECEIPTS		3,525.01	$	4,114.66
9947	6 30 070500	79RETIREMENTS FROM GENERAL PLANT	6,834.68		$	10,949.34
9948	6 30 070500	111RETIREMENTS FROM GENERAL PLANT	358.23		$	11,307.57
9949	6 30 070500	111RETIREMENTS FROM GENERAL PLANT	19,824.39		$	31,131.96
9950	6 30 070522	110ACCOUNTS RECEIVABLE - OTHER		18,800.00	$	12,331.96
9951	7 31 070500	89RETIREMENTS FROM GENERAL PLANT	2,287.94		$	14,619.90
9952	7 31 070500	89RETIREMENTS FROM GENERAL PLANT	1,070.89		$	15,690.79
9953	7 31 070500	89RETIREMENTS FROM GENERAL PLANT	592.32		$	16,283.11
9954	7 31 070500	89RETIREMENTS FROM GENERAL PLANT	9,928.78		$	26,211.89
9955	8 31 070200	96TRANSFER ASSET/LIABILITY-A/C TO A/C		937.04	$	25,274.85
9956	9 30 070200	85TRANSFER ASSET/LIABILITY-A/C TO A/C		1,144.49	$	24,130.36
9957	9 30 070500	81RETIREMENTS FROM GENERAL PLANT	1,149.52		$	25,279.88
9958	9 30 070500	81RETIREMENTS FROM GENERAL PLANT	25.58		$	25,305.46
9959	9 30 070500	81RETIREMENTS FROM GENERAL PLANT	209.90		$	25,515.36
9960	9 30 070500	81RETIREMENTS FROM GENERAL PLANT	304.17		$	25,819.53
9961	9 30 070500	81RETIREMENTS FROM GENERAL PLANT	228.28		$	26,047.81
9962	9 30 070500	81RETIREMENTS FROM GENERAL PLANT	88.26		$	26,136.07
9963	9 30 070500	81RETIREMENTS FROM GENERAL PLANT	371.36		$	26,507.43
9964	10 31 070500	49RETIREMENTS FROM GENERAL PLANT	294.29		$	26,801.72
9965	10 31 070500	71RETIREMENTS FROM GENERAL PLANT	181.15		$	26,982.87
421.220	0010	NON-OPERATING INCOME CLASS A			$	.00
421.230	0010	NON-OPERATING INCOME CLASS B			$	.00
421.240	0010	NON-OPERATING INCOME CLASS C			$	.00
423.000	0010	G AND T COOP CAPITAL CREDITS			$	.00

Item 39) Refer to Kenergy's Response to Staff's First Data Request, Item 49. Provide the following information separately for each non-regulated activity listed at Item 49.

a. A general ledger analysis for the test year that includes all activity.

b. Discuss how each non-regulated activity listed at Item 49 is related to Kenergy's electric energy distribution and sales.

c. Explain in detail the reasons supporting Kenergy's determination that engaging in non-regulated activities does not have to be conducted through an affiliate as required by KRS 279.020(2).

Response) a) See Item 38, pages 23 – 43 of 43 for the above referenced information.

Witness) Steve Thompson

Response b&c) Kenergy's sole purpose is to distribute electric energy. In doing this Kenergy is authorized to provide any good or service related to the distribution of electric energy. Kenergy does not have any secondary purpose of engaging in other lawful businesses or activities that would require the creation of an affiliate for conducting non-regulated business or activity.

Item 49 in Commission's First Data Request inquired about non-regulated activities. Kenergy's response to this data request included a copy of a resolution adopted by the Kenergy Board of Directors on December 12, 2006, which was shortly after KRS 278.020 was amended to read as it presently does. Recital A. of the resolution lists six (6) "non-regulated" activities in which Kenergy is engaged. It would have been just as appropriate to refer to these items as being related to Kenergy's sole purpose of distributing electric energy. The six (6) activities listed in the resolution are:

(1) Joint pole use with other utilities

(2) Leasing space on substation towers for telecommunication attachments (lessees provide retail service)

(3) Selling geothermal equipment wholesale to licensed HVAC dealers

(4) Leasing surge protection equipment to members

(5) Leasing garage space at headquarters or branch office so that lessee can perform maintenance or repair work on Kenergy's motor vehicles (lessee also is allowed to perform maintenance or repair work on motor vehicles of third parties)

(6) Leasing fiber optic strands that are not presently needed in distributing electric energy (lessees provide retail service)

These activities meet the definition of being non-regulated because the Commission exerts no regulatory authority over any of said activities, as is set forth in KRS 278.010(21). However, they also fall within the category of being a good or service related to Kenergy's sole purpose of distributing electricity. They are related because they all stem from the utilization of Kenergy's assets needed in the distribution of electricity or, as in the cases of selling geothermal equipment or leasing surge protection equipment, they implement how the electricity is used. Clearly, these activities do not signify Kenergy having a secondary purpose of engaging in other lawful business or activity, so an affiliate is not required for conducting them.

Witness) Sanford Novick

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 40) Refer to Kenergy's application at Exhibit 5, page 18.

a. Provide a detailed analysis of the test year RUS Cushion of Credit in the amount of $572,585 and explain what this amount represents and how it was determined.

b. State the current "federal funds rate."

c. Provide the amount of income Kenergy recognized on its "Overnight & 30 Day Investments" from January 1, 2008 through September 30, 2008.

Response) **a)** Item 40, pages 2 – 6 of 6, contain the above referenced information. Account 224.600 contains the balance in the Cushion of Credit Account, which earns the 5% interest income.

b) The rate was lowered to 1.5% on October 8, 2008.

c) The interest income earned through August 31, 2008 was as follows:

RUS Cushion of Credit	-	$278,185
CFC CTC's	-	$ 63,676
Overnight & 30 Day Investments	-	$136,878

Note: The RUS Cushion of Credit and Overnight & 30 Day Investments must be considered together when comparing to the proforma amounts. Kenergy transferred funds from the Cushion of Credit to Overnight Investments to accumulate cash while the new RUS loan was being approved. This action shifted interest income from Cushion of Credit to Overnight Investments.

Witness) Steve Thompson

USDA Rural Development Committed to the future of rural communities.

Electric Programs

Electric Programs >> Cushion of Credit

Cushion of Credit (Advance Payment) Account

In accordance with the provisions of Section 313 of the Rural Electrification Act of 1936 (RE Act), as amended, the Rural Utilities Service (RUS) established a cushion of credit program. Under this program, RUS borrowers may make voluntary deposits into a special cushion of credit account. A borrower's cushion of credit account balance accrues interest to the borrower at a rate of 5 percent per annum. The amounts in the cushion of credit account (deposits and earned interest) can only be used to make scheduled payments on loans made or guaranteed under the RE Act.

If you have any questions concerning the cushion of credit program, please contact the Direct Loan and Grant Program at 314-457-4049.

9838	12 31	079030	52ALLOCATE BILLING COSTS	7.31		$	12,648.13
418.100		0010	EQUITY IN EARNINGS OF SUBSIDIARY			$	.00
419.000		0010	INTEREST-DIVIDEND INCOME			$	.00
9839	1 31	070020	CASH RECEIPTS		66.56	$	66.56CR
9840	1 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		48,435.21	$	48,501.77CR
9841	1 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,501.37	$	53,003.14CR
9842	1 31	070140	21INTEREST INCOME - BRANCH BANKS		649.06	$	53,652.20CR
9843	1 31	070196	27CSB LOAN FUND ACTIVITY		6,724.47	$	60,376.67CR
9844	1 31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	68,454.03CR
9845	2 28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		43,765.51	$	112,219.54CR
9846	2 28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,501.37		$	107,718.17CR
9847	2 28	070140	21INTEREST INCOME - BRANCH BANKS		711.47	$	108,429.64CR
9848	2 28	070195	27INVESTMENT ACTIVITY		6,106.44	$	114,536.08CR
9849	2 28	070450	14INTEREST ACCRUAL-INVESTMENTS		7,295.12	$	121,831.20CR
9850	3 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		48,858.50	$	170,689.70CR
9851	3 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		1,261.14	$	171,950.84CR
9852	3 31	070140	21INTEREST INCOME - BRANCH BANKS		435.81	$	172,386.65CR
9853	3 31	070140	21INTEREST INCOME - BRANCH BANKS	182.04		$	172,204.61CR
9854	3 31	070195	27INVESTMENT ACTIVITY		6,266.86	$	178,471.47CR
9855	3 31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.26	$	186,548.73CR
9856	3 31	070450	14INTEREST ACCRUAL-INVESTMENTS		.33	$	186,549.06CR
9857	4 30	070020	CASH RECEIPTS		66.56	$	186,615.62CR
9858	4 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		47,522.24	$	234,137.86CR
9859	4 30	070140	21INTEREST INCOME - BRANCH BANKS		480.47	$	234,618.33CR
9860	4 30	070195	27INVESTMENT ACTIVITY		5,300.95	$	239,919.28CR
9861	4 30	070195	27INVESTMENT ACTIVITY	168.39		$	239,750.89CR
9862	4 30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.80	$	247,567.69CR
9863	5 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,326.54	$	296,894.23CR
9864	5 31	070140	21INTEREST INCOME - BRANCH BANKS		360.48	$	297,254.71CR
9865	5 31	070140	21INTEREST INCOME - BRANCH BANKS		5.17	$	297,259.88CR
9866	5 31	070195	27INVESTMENT ACTIVITY		3,539.56	$	300,799.44CR
9867	5 31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	308,876.80CR
9868	6 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	666.12		$	308,210.68CR
9869	6 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		47,912.65	$	356,123.33CR
9870	6 30	070140	21INTEREST INCOME - BRANCH BANKS		318.29	$	356,441.62CR
9871	6 30	070195	27INVESTMENT ACTIVITY		4,377.12	$	360,818.74CR
9872	6 30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.80	$	368,635.54CR
9873	7 31	070020	CASH RECEIPTS		65.94	$	368,701.48CR
9874	7 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,753.03	$	418,454.51CR
9875	7 31	070140	21INTEREST INCOME - BRANCH BANKS		394.24	$	418,848.75CR

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9876	7	31	070195	27INVESTMENT ACTIVITY		4,811.73	$	423,660.48CR
9877	7	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	431,737.84CR
9878	8	31	070020	CASH RECEIPTS		10,612.60	$	442,350.44CR
9879	8	31	070131	30INTEREST ACCRUAL - ERC LOANS		29.42	$	442,379.86CR
9880	8	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,855.89	$	492,235.75CR
9881	8	31	070140	21INTEREST INCOME - BRANCH BANKS		402.83	$	492,638.58CR
9882	8	31	070140	21INTEREST INCOME - BRANCH BANKS		12.41	$	492,650.99CR
9883	8	31	070195	27INVESTMENT ACTIVITY		804.24	$	493,455.23CR
9884	8	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	501,532.59CR
9885	9	30	070020	CASH RECEIPTS		5,173.57	$	506,706.16CR
9886	9	30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		46,962.09	$	553,668.25CR
9887	9	30	070140	21INTEREST INCOME - BRANCH BANKS		299.25	$	553,967.50CR
9888	9	30	070195	27INVESTMENT ACTIVITY		5,887.15	$	559,854.65CR
9889	9	30	070195	27INVESTMENT ACTIVITY		7,456.50	$	567,311.15CR
9890	9	30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.80	$	575,127.95CR
9891	10	31	070020	CASH RECEIPTS		5,797.69	$	580,925.64CR
9892	10	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		49,280.41	$	630,206.05CR
9893	10	31	070140	21INTEREST INCOME - BRANCH BANKS		420.36	$	630,626.41CR
9894	10	31	070195	27INVESTMENT ACTIVITY		6,243.98	$	636,870.39CR
9895	10	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	644,947.75CR
9896	11	30	070020	CASH RECEIPTS		6,709.31	$	651,657.06CR
9897	11	30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		45,935.51	$	697,592.57CR
9898	11	30	070140	21INTEREST INCOME - BRANCH BANKS	8.00		$	697,584.57CR
9899	11	30	070140	21INTEREST INCOME - BRANCH BANKS		105.03	$	697,689.60CR
9900	11	30	070195	27INVESTMENT ACTIVITY		6,010.20	$	703,699.80CR
9901	11	30	070450	14INTEREST ACCRUAL-INVESTMENTS		7,816.73	$	711,516.53CR
9902	12	31	070020	CASH RECEIPTS		6,677.16	$	718,193.69CR
9903	12	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		44,382.53	$	762,576.22CR
9904	12	31	070140	21INTEREST INCOME - BRANCH BANKS		330.39	$	762,906.61CR
9905	12	31	070140	21INTEREST INCOME - BRANCH BANKS		12.82	$	762,919.43CR
9906	12	31	070140	21INTEREST INCOME - BRANCH BANKS		26.50	$	762,945.93CR
9907	12	31	070195	27INVESTMENT ACTIVITY		5,698.84	$	768,644.77CR
9908	12	31	070200	102TRANSFER ASSET/LIABILITY-A/C TO A/C		112,190.63	$	880,835.40CR
9909	12	31	070450	14INTEREST ACCRUAL-INVESTMENTS		8,077.36	$	888,912.76CR
419.100			0010	INTEREST-COMMONWEALTH DEPOSIT			$	.00
9910	2	28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,046.58	$	4,046.58CR
9911	2	28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,501.37	$	8,547.95CR
9912	3	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,501.37	$	13,049.32CR
9913	4	30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,335.62	$	17,384.94CR
9914	5	31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		4,480.14	$	21,865.08CR

	0.	*
Jan07	48 435.21	+
	-4 501.37	+
Feb07	43 765.51	+
	4 501.37	-
	48 858.50	+
	1 261.14	+
	47 522.24	+
	49 326.54	+
	666.12	-
	47 912.65	+
	49 753.03	+
	49 855.89	+
	46 962.09	+
	49 280.41	+
	45 935.51	+
Dec07	44 382.53	+
	572 585.13	*

6217	1 31	070200	90TRANSFER ASSET/LIABILITY-A/C TO A/	69,461.64		$ 20,610,073.20CR
6218	4 30	070030	CASH DISBURSEMENTS	77,085.15		$ 20,532,988.05CR
6219	7 31	070030	CASH DISBURSEMENTS	75,255.54		$ 20,457,732.51CR
6220	9 30	070200	84TRANSFER ASSET/LIABILITY-A/C TO A/	76,158.95		$ 20,381,573.56CR
6221	12 31	070138	43DEBT PAYMENT BY CUSHION-OF-CREDIT	77,073.19		$ 20,304,500.37CR
6222	12 31	070200	95TRANSFER ASSET/LIABILITY-A/C TO A/	297,402.00		$ 20,007,098.37CR
6223	12 31	070200	95TRANSFER ASSET/LIABILITY-A/C TO A/C		273,925.00	$ 20,281,023.37CR
224.380		0010	RUS TREASURY LOAN-NOTES EXECUTED		27,305,776.00	$ 27,305,776.00CR
6224	9 30	070200	84TRANSFER ASSET/LIABILITY-A/C TO A/	18,107.59		$ 27,287,668.41CR
6225	10 31	070138	80DEBT PAYMENT BY CUSHION-OF-CREDIT	15,879.38		$ 27,271,789.03CR
6226	11 30	070138	76DEBT PAYMENT BY CUSHION-OF-CREDIT	18,245.66		$ 27,253,543.37CR
6227	12 31	070138	43DEBT PAYMENT BY CUSHION-OF-CREDIT	21,461.59		$ 27,232,081.78CR
6228	12 31	070200	95TRANSFER ASSET/LIABILITY-A/C TO A/	271,272.00		$ 26,960,809.78CR
6229	12 31	070200	95TRANSFER ASSET/LIABILITY-A/C TO A/C		19,224.00	$ 26,980,033.78CR
224.400		0010	RUS NOTES EXECUTED-CONST DEBT			$ .00
224.470		0010	L T DEBT-FEDERAL FINANCING BANK			$ .00
224.480		0010	LT DEBT-RUS TREASURY LOAN	19,325,000.00		$ 19,325,000.00
6230	1 31	070020	CASH RECEIPTS		4,500,000.00	$ 14,825,000.00
6231	7 31	070020	CASH RECEIPTS		4,500,000.00	$ 10,325,000.00
6232	11 30	070020	CASH RECEIPTS		5,162,500.00	$ 5,162,500.00
224.500		0010	INTEREST ACCRUED DEFERRED RUS NOTES			$ .00
224.600		0010	RUS ADVANCED PAYMENTS UNAPPLIED	12,463,376.94		$ 12,463,376.94
6233	1 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	48,435.21		$ 12,511,812.15

6234	1 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,501.37		$ 12,516,313.52
6235	2 28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	43,765.51		$ 12,560,079.03
6236	2 28	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,046.58		$ 12,564,125.61
6237	3 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	48,858.50		$ 12,612,984.11
6238	3 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,501.37		$ 12,617,485.48
6239	3 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	1,261.14		$ 12,618,746.62
6240	4 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	47,522.24		$ 12,666,268.86
6241	4 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,335.62		$ 12,670,604.48
6242	5 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	49,326.54		$ 12,719,931.02
6243	5 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,480.14		$ 12,724,411.16
6244	6 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	47,912.65		$ 12,772,323.81
6245	6 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,376.71		$ 12,776,700.52
6246	6 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT		666.12	$ 12,776,034.40
6247	7 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	49,753.03		$ 12,825,787.43
6248	7 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,501.37		$ 12,830,288.80
6249	8 31	070138	49DEBT PAYMENT BY CUSHION-OF-CREDIT		466,342.52	$ 12,363,946.28
6250	8 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	49,855.89		$ 12,413,802.17
6251	8 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,567.07		$ 12,418,369.24
6252	9 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	46,962.09		$ 12,465,331.33
6253	9 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	4,006.85		$ 12,469,338.18
6254	9 30	070200	84TRANSFER ASSET/LIABILITY-A/C TO A/C		809,263.84	$ 11,660,074.34
6255	10 31	070138	80DEBT PAYMENT BY CUSHION-OF-CREDIT		477,770.40	$ 11,182,303.94
6256	10 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	49,280.41		$ 11,231,584.35
6257	11 30	070138	76DEBT PAYMENT BY CUSHION-OF-CREDIT		477,770.40	$ 10,753,813.95
6258	11 30	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	45,935.51		$ 10,799,749.46
6259	12 31	070138	43DEBT PAYMENT BY CUSHION-OF-CREDIT		509,130.81	$ 10,290,618.65
6260	12 31	070138	43DEBT PAYMENT BY CUSHION-OF-CREDIT		331,469.70	$ 9,959,148.95
6261	12 31	070139	16INTEREST INCOME-CUSHION-OF-CREDIT	44,382.53		$ 10,003,531.48
228.100		0010	ACCRUED LEAVE-K WEST EMPLOYEES		490,341.67	$ 490,341.67CR
6262	1 21	070034	KENERGY WEST ACCRUED LEAVE	2,378.67		$ 487,963.00CR
6263	2 18	070034	KENERGY WEST ACCRUED LEAVE	7,016.47		$ 480,946.53CR
6264	3 18	070034	KENERGY WEST ACCRUED LEAVE	7,040.28		$ 473,906.25CR
6265	4 29	070034	KENERGY WEST ACCRUED LEAVE	5,649.60		$ 468,256.65CR
6266	5 27	070034	KENERGY WEST ACCRUED LEAVE	1,832.32		$ 466,424.33CR

Item 41) Refer to Kenergy's Response to Staff's First data Request, Item 9. Provide an explanation for the change from the previous year to the test year in the level of expense reported in the following accounts.

	Account	Previous Year	Test Year
a.	583000	$1,431,383	$1,306,881
b.	592000	$ 335,330	$ 436,840
c.	592100	$ 64,160	$ 111,771
d.	593000	$3,148,219	$2,621,465
e.	593300	$3,474,391	$3,896,170
f.	595000	$ 145,899	$ 105,471
g.	597000	$ 118,950	$ 140,370
h.	598000	$ 236,368	$ 188,342
i.	904000	$ 98,550	$ 142,372
j.	908000	$ 209,388	$ 245,771
k.	912000	$ 102,561	$ 67,059
l.	921000	$ 166,369	$ 122,520
m.	930200	$ 544,487	$ 334,438

Response) **a)** Change was mainly caused by payments to outside vendors during 2006 for storm damage repairs.

b, c, g & j) Kenergy labor and related overheads were $70,821, $29,955, $25,518 and $36,429 higher during 2006, with charges to other areas being less. (See (f), (k) and (m) explanations.)

d) Change was mainly caused by expense related to storm damage repairs during 2006.

e) Increase in vegetation management miles cleared over 2006, with the objective to reach a six-year cycle.

f, k & m) Kenergy labor and related overheads were $27,765, $23,263, and $95,177 less than 2006, with charges to other areas being more. (See (b), (c), (g) and (j) explanations.)

~~**h)** Decrease mainly results from lineman training programs attended in 2006.~~

i) Bad debt expense returned to a more representative level in 2007, as the expense booked in 2006 was lower to allow the reserve for bad debts to decrease.

l) Decrease mainly caused by six special training seminars attended in 2006, along with some office changes made to improve ergonomics.

m) Mainly caused by the elimination of the Kentucky Living magazine.

Witness) Steve Thompson

KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION

2008 RATE APPLICATION

Item 42) Refer to Kenergy's Response to Staff's First Data Request, Item 14.

a. Discuss how and when Kenergy determines that a "General Retirement" of patronage capital is appropriate. Include in this discussion how the amount to be retired is determined.

b. Explain how the target range of equity to total capital ratio of 30 percent to 40 percent was determined.

c. Explain why it is important for Kenergy to maintain an equity to total capital ratio within its targeted range.

Response) **a)** Kenergy's management reviews its financial condition annually and makes a recommendation to the Board of Directors relative to general retirements of patronage capital. Factors considered to determine when and how much to retire include the following listed items:

(1) The corporation's past financial performance, including TIER and DSC ratios and its equity to total capital ratio.

(2) The current board-approved long-range financial forecast

(3) Rate competitiveness, especially to adjacent utilities

(4) Lender requirements and mortgage covenants

(5) Regulatory body requirements

(6) Amount of cash reserves available for contingencies

(7) All other factors that may be relative at this time, such as new or pending legislation affecting the electric utility industry

As provided in the bylaws, the Board of Directors may retire capital credits if it is determined the financial condition will not be impaired.

b) The 30% minimum level was taken from the Rural Utilities Service (RUS) loan contract provision Section 6.8 that requires Kenergy to receive prior RUS approval if, after giving effort to a general retirement of patronage capital, the equity of the borrower falls below 30% of its total assets. The 40% level was selected based on Kenergy's understanding that this was the upper limit the Commission was comfortable with for distribution cooperatives.

The Capital Credits Task Force Report was issued in January 2005 by the National Rural Electric Cooperative Association and the National Rural Utilities Cooperative Finance Corporation. Its purpose is to serve as a guide to distribution cooperatives when making capital credits' decisions. On page 38 of the report, it is suggested that a reasonable equity level for most distribution cooperatives is in the range of 30 to 50 percent, depending on the cooperative financial and competitive situation.

c) It is important for Kenergy to maintain an equity to total capital ratio within the 30-40% range to enable it to retire capital credits on a systematic basis and meet the goals and requirements of the long-range financial forecast.

Witness) Steve Thompson