

DORSEY, KING, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

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February 18, 2009

VIA FAX : (502) 564-3460
AND FED EX

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RECEIVED

FEB 19 2009

**PUBLIC SERVICE
COMMISSION**

Re: Kenergy Corp.
Request for Approval to Provide Reduced
Rate Service

2009-00071

Dear Mr. Derouen:

The ice storms during the last week of January, 2009, caused a massive amount of outages to customers in Kenergy's system, some for long durations. Initially approximately 42,000 of Kenergy's approximately 55,000 customers were without power. As of the date of this letter, restoration is basically complete with cleanup yet to occur. The devastation to Kenergy's system was overwhelming, with approximately 3,100 poles broken or damaged to the extent they had to be replaced. Indeed, this was an "unprecedented disaster" as noted by Commission Chairman Dave Armstrong in his letter appearing in the February 14, 2009, Courier-Journal.

Kenergy's Board of Directors desires to recognize in some fashion the hardships its customers have undergone. Kenergy proposes that this be done by reducing a portion of the customer charge on a future billing, and hereby requests Commission approval to implement its plan. This reduction would be given to all of Kenergy's nondirect serve customers. Direct serve customers who are served directly from the transmission system of Kenergy's wholesale provider would not receive the reduction.

Kenergy does not have the ability to determine how long any one customer was without power. Therefore, Kenergy believes that a fair approach would be to give all nondirect serve customers a 50% reduction on their customer charge. This would be a one time reduction and Kenergy proposes that it begin with the March 24, 2009 billing cycle. An insert would be included with each bill explaining about the

February 18, 2009

reduction and stating how this was a good faith effort on the part of Kenergy to show appreciation for what its customers had endured and to acknowledge in some small way the hardships the customers had encountered.

Attached is a schedule showing calculations for the four customer classifications that comprise Kenergy's nondirect serve customers. As shown thereon, Kenergy estimates that the reductions would total approximately \$321,121.

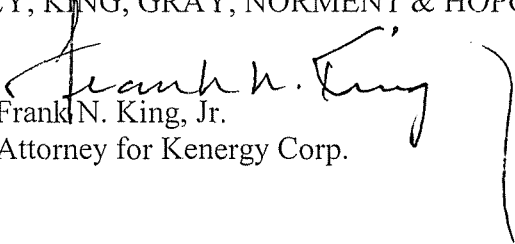
Kenergy submits that there is authority for approval of its request. KRS 278.170 (2) provides that a utility may grant free or reduced rate service for the purpose of providing relief in case of a calamity. These ice storms and the devastation they reeked were a calamity by any definition, thereby authorizing the Commission to approve Kenergy's request. However, if the Commission is of the opinion that approval should not or may not be granted under this statute but may be granted pursuant to the Commission's general supervisory powers in regulating jurisdictional utilities or otherwise, Kenergy respectfully requests approval thereunder.

Before concluding, Kenergy wishes to remind the Commission that it is owned by its customers. Therefore, the reductions will be taken from funds that otherwise would be collected from these very customers and become part of margins, ultimately to be held as allocated capital credits.

Kenergy requests that this matter receive expedited handling and that its request be approved so that the foregoing plan may be implemented without delay.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD


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

FNKJr/le

Encls.

Copy: Steve Thompson, Kenergy Corp.

KENERGY CORP.
REQUEST FOR APPROVAL TO PROVIDE REDUCED RATE SERVICE

DOLLAR IMPACT BY CLASS
BASED ON BILLING DETERMINANTS FROM THE 2007 TEST YEAR
FILED BY KENERGY CORP IN CASE NO. 2008-00323

Line No.	(a) Non-Direct Served Class	(b) Number of Customer Charges Billed Monthly	(c) Customer Charge	(d) % Reduced	(e) (bxcxd) Dollar Impact
1	Residential	44,784	\$ 10.50	50%	\$ 235,116
2	All Non-Residential Single Phase	8,639	\$ 16.00	50%	\$ 69,112
3	Three-Phase Under 1,000 KW	877	\$ 30.00	50%	\$ 13,155
4	Three-Phase Over 1,000 KW	13	\$ 575.00	50%	\$ 3,738
5	Total				<u>\$ 321,121</u>

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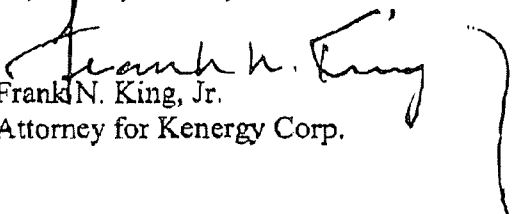
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FAX MESSAGE

TO: Mr. Jeff Derouen, Executive Director
FAX NO. (502) 564-3460

FROM: FRANK N. KING, JR.
FAX NO. 270-826-6672

RE: Kenergy Corp.; Request for Approval to
Provide Reduced Rate Service

DATE: February 18, 2009

NO. OF PAGES 4 (including this page)

M E S S A G E

Letter attached.

If you are experiencing any difficulty or not receiving all material being transmitted,
please call (270) 826-3965 and ask for Liz.

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ORIGINAL DOCUMENTS WILL FOLLOW BY COURIER OR MAIL.