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June 23, 2011

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
Post Office Box 615  
Frankfort, KY 40602

RECEIVED

JUN 27 2011

Re: Kenergy Corp.  
Case No. 2011-00035

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

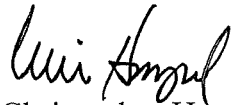
Enclosed for filing please find Motion of Kenergy Corp. to  
Substitute Witnesses.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood  
Attorney for Kenergy Corp.

JCH/cds

Encls.

COPY/w/encls. Office of Attorney General  
Utility and Rate Intervention Division

Mr. Steve Thompson, Kenergy Corp.

Hon. Michael Kurtz, counsel for KIUC

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

JUN 27 2011

PUBLIC SERVICE COMMISSION

In the Matter of: )  
 )  
The Application of Kenergy Corp. )  
For An Adjustment in Existing Rates )

CASE NO. 2011-00035

MOTION OF KENERGY CORP. TO SUBSTITUTE WITNESSES

Kenergy Corp. ("Kenergy") moves the Commission to substitute the following witnesses due to the unanticipated absence of Kenergy witness, Gerald Ford:

- 1. Sanford Novick and John Newland for Third Data Request - Item 11(b).
- 2. Doug Hoyt for Third Data Request - Item 20.

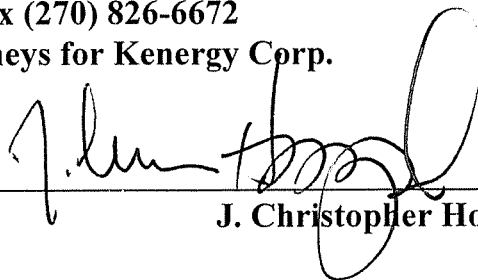
Attached hereto are Verifications of the above referenced substitute witnesses.

The hearing is set for July 7, 2011, and the witness, Gerald Ford, has a scheduled vacation with substantial non-refundable costs if he has to cancel.

This the 23rd day of June, 2011.

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

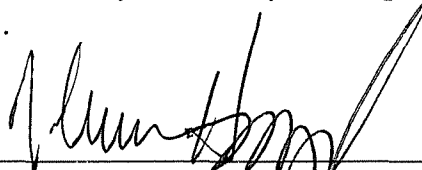
By \_\_\_\_\_



J. Christopher Hopgood

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing has been served upon the Attorney General of Kentucky, Office of Rate Intervention, 1024 Capital Center Drive, Frankfort, Kentucky 40601, Hon. Michael Kurtz, Boehm, Kurtz & Lowry, 36 East Seventh Street, Suite 1510, Cincinnati, OH 45202; and Hon. David Brown, Stites & Harbison, 1800 Providian Center, 400 West Market Street, Louisville, Kentucky 40202, by mailing a true and correct copy of same on this 23rd day of June, 2011.



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J. Christopher Hopgood  
Counsel for Kenergy Corp.

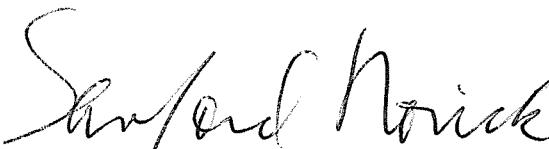
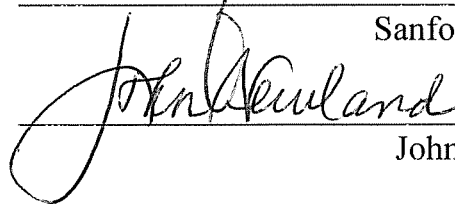
**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:** )  
 )  
**THE APPLICATION OF KENERGY CORP.) CASE No. 2011-00035**  
**FOR AN ADJUSTMENT IN EXISTING )**  
**RATES )**

**VERIFICATION**

(Supplement to Third Data Request – Item 11)

We verify, state and affirm that the data request responses attached hereto and filed with this verification are true and correct to the best of our knowledge and belief formed after a reasonable inquiry, and we ask that we be added as witnesses for this information.

  
\_\_\_\_\_  
Sanford Novick  
  
\_\_\_\_\_  
John Newland

STATE OF KENTUCKY  
COUNTY OF DAVIESS

The foregoing was signed, acknowledged and sworn to before me by SANFORD NOVICK and JOHN NEWLAND, this 22nd day of June, 2011.

My commission expires 5-24-2015

  
\_\_\_\_\_  
Notary Public, State of Kentucky at Large

(seal)

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

**2011 RATE APPLICATION**

1  
2 **Response b)** "CT" or Current Transformer Rated Meters are set at accounts that require  
3 instrument transformers to be metered safely and efficiently. They are used to keep dangerously high  
4 voltages and currents out of the meter sockets so they may be maintained safely by service personnel.  
5 "CT^" meters in the response to 18.h should have actually used the term "Instrument Transformer  
6 Rated" instead of CT Meter.

7 To be in compliance with PSC testing requirements for instrument transformer rated accounts all CT's  
8 and PT's (instrument transformers) are to be tested when the meter is tested. Because of the need to  
9 have a "load" or current flow through the CT's when being tested, additional testing equipment is  
10 required over and above Kenergy's field test kits, if the account is not loaded at the time of test.  
Kenergy employed the services of a meter testing contractor to perform the tests on all instrument rated  
12 accounts. The contractor is required to have and use the special testing equipment to be able to apply a  
13 load on the instrument transformers if required for testing during the site test/inspection to meet PSC  
14 requirements. This accounts for the increase in account 597.000 during the test period. Kenergy also  
15 downsized its' meter shop by not replacing personnel upon retirements of two individuals, therefore,  
16 Kenergy does not have the manpower available to perform these tests in-house.

17  
18 **Witness b)** Sanford Novick and John Newland

19  
20 **Response c)** Approximately \$82,000 was related to pension costs, with \$25,000 for health  
21 insurance. The remaining \$75,306 increase resulted from more labor and payroll taxes charged to this  
22 account vs. other accounts in the prior year.

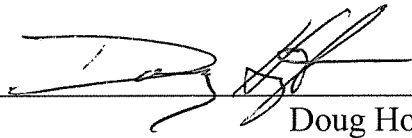
**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:** )  
 )  
**THE APPLICATION OF KENERGY CORP.) CASE No. 2011-00035**  
**FOR AN ADJUSTMENT IN EXISTING )**  
**RATES )**

**VERIFICATION**

(Supplement to Third Data Request – Item 20)

I verify, state and affirm that the data request response attached hereto and filed with this verification is true and correct to the best of my knowledge and belief formed after a reasonable inquiry, and I ask that I be added as a witness for this information.

  
\_\_\_\_\_  
Doug Hoyt

STATE OF KENTUCKY

COUNTY OF DAVIESS

The foregoing was signed, acknowledged and sworn to before me by DOUG HOYT this 20<sup>th</sup> day of June, 2011.

My commission expires 5-24-2015

  
\_\_\_\_\_  
Notary Public, State of Kentucky at Large

(seal)

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

**2011 RATE APPLICATION**

1

2 **Item 20)** Refer to Exhibit 5 of the application, page 9, Contractor Vegetation Management  
3 Adjustment.

4 **a.** The response states that the number of miles cleared during the test year was  
5 above normal for a 12-month period. What does Kenergy consider to be the normal number of miles  
6 cleared during a 12-month period?

7 **b.** Explain how Kenergy determined that 1,103 miles was appropriate to use for  
8 calculating its pro-forma vegetation management expense.

9 **c.** Provide the actual miles cleared for the calendar years 2006, 2007, 2008, 2009  
10 and 2010.

12 **Response a)** An average of 1,080 miles cleared per year over a five-year period.

13 **Response b)** Beginning in 2005, Kenergy's board of directors and management placed a  
14 renewed emphasis on vegetation management as a means of improving reliability. With that came a  
15 commitment to provide adequate funding for the program. It is common for electric utilities to strive  
16 to achieve a cycle of between 4-5 years in an effort to balance the cost of clearing right-of-way with  
17 the anticipated reliability benefits. At the time, Kenergy determined that it was cost prohibitive to  
18 institute a cycle less than approximately six years and began implementing that planned approach.  
19 Shortly after this, all utilities were required to submit a vegetation management plan to the Kentucky  
20 Public Service Commission, in part identifying their VM cycle. Kenergy's cycle length is consistent  
21 with this approach and is stated as not to exceed six years.

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

**2011 RATE APPLICATION**

1  
2           A second objective for Kenergy was to reduce the next cycle length to a level  
3 more consistent with the 4-5 year timeframe. As a result of Kenergy's continued commitment to its  
4 VM program, we will begin meeting the objective of reducing the cycle to 5 years beginning in 2011.  
5 Kenergy maintains approximately 5,400 miles of overhead line. In order to achieve a 5 year VM cycle  
6 length, an average of 1,080 miles will need to be cleared each of those 5 years. 1,103 represents  
7 mileage associated with a specific set of feeders to be cleared in 2011 and is consistent with the  
8 average mileage associated with a 5 year VM cycle.

9  
10 **Response**    c)    2006 -       736 miles  
                          2007 -       993 miles  
12                    2008 -       916 miles  
13                    2009 -       939 miles  
14                    2010 -      1,152 miles

15  
16 **Witness)**    Doug Hoyt  
17  
18  
19  
20  
21  
22