

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENERGY CORP. FOR)	
APPROVAL OF RETAIL TARIFF RIDERS AND)	
REVISED TARIFFS, APPROVAL OF SMELTER)	CASE NO.
AGREEMENTS, AND APPROVAL OF)	2008-00009
AMENDMENT TO WHOLESALE AGREEMENT)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
KENERGY CORP.

Kenergy Corp. ("Kenergy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 28, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

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

Kenergy shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Kenergy fails or refuses to furnish all or part of the requested information, Kenergy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. In the application in Case No. 2007-00455,¹ Big Rivers Electric Corporation (“Big Rivers”) contends that its proposed Rebate Adjustment mechanism, the proposed Member Rate Stability Mechanism, and the proposed Unwind Surcredit can be implemented through the procedure contained in KRS 278.455(1).² Kenergy’s application cites several statutes and administrative regulations that it believes authorize the requested approvals. However, no mention is made of KRS 278.455 as authority for the requested approvals and no analysis has been submitted demonstrating compliance with the requirements of 807 KAR 5:007.

a. Explain in detail why it appears Kenergy has not relied on KRS 278.455 and 807 KAR 5:007 as the authority for approval of its proposed Rebate

¹ Case No. 2007-00455, The Applications of Big Rivers Electric Corporation for: (I) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (II) Approval of Transactions, (III) Approval to Issue Evidences of Indebtedness, and (IV) Approval of Amendments to Contracts; and of E.ON U.S., LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc. for Approval of Transactions.

² Id. at 39-42.

Adjustment Rider, the proposed Member Rate Stability Mechanism Rider, and the proposed Unwind Surcredit Rider.

b. Does Kenergy believe that KRS 278.455 and 807 KAR 5:007 are not applicable to the current application? Explain the response.

2. Refer to the Application, page 4. Kenergy has requested authority to show the five Big Rivers' tariff riders in one of three ways on customers' bills. Kenergy contends that this authority would allow it to "exercise discretion in choosing the option to insure the intended zero net effect of the five (5) corresponding retail tariff riders until their net effect is no longer zero and to simplify as much as reasonably possible the form and the content of the customers' bills."

a. Currently, does Kenergy reflect all applicable rates, charges, credits, and riders as individual line items on its customers' bills? If no, describe the exceptions to this level of detail.

b. If the response to part (a) is yes, explain why Kenergy should have the option of treating the five Big Rivers' tariff riders differently on customers' bills than it treats other rates, charges, credits, and riders.

c. Assume for purposes of this question that the Commission requires Kenergy to disclose the five Big Rivers' tariff riders separately on customers' bills. Would there be any need for the proposed Unwind Rider – Composite Factor ("URCF")? Explain the response.

3. Refer to the Application, page 6. Kenergy stated that it will need to make "non-substantive changes to some of its existing tariff schedules that are not mentioned herein, depending on the terms of the Commission's final order in this case." Kenergy

indicated that it would submit a request for approval of those changes at the convenience of the Commission and as directed.

a. Provide a schedule listing all changes to existing tariff schedules anticipated by Kenergy that have not been submitted as part of the current application. In addition, include a description of the nature of the change and why Kenergy anticipates the change will be needed.

b. Explain in detail why the anticipated changes to Kenergy's current tariff schedules were not proposed or disclosed as part of the current application.

4. Refer to Exhibit 1 of the Application, the proposed Fuel Adjustment Clause ("FAC").

a. Compare Kenergy's proposed FAC with the FAC it previously had in effect until 1998, identifying all differences and explaining why the currently proposed FAC is the preferred version.

b. Would Kenergy's proposed FAC be subject to the periodic reviews prescribed in 807 KAR 5:056? Explain the response.

5. Refer to Exhibit 2 of the Application, the proposed Environmental Surcharge ("ES Rider").

a. Compare Kenergy's proposed ES Rider with the ES Rider it previously had in effect until 1998, identifying all differences and explaining why the currently proposed ES Rider is the preferred version.

b. Would Kenergy's proposed ES Rider be subject to the periodic reviews prescribed in KRS 278.183? Explain the response.

6. Does Kenergy have any special contracts under which the rates are subject to change or adjustment only as stipulated in the contract? If yes, list the contracts.

7. Exhibits 3 through 5 of the Application contain Kenergy's proposed riders for the following Big Rivers' tariff riders: the Unwind Surcredit Adjustment Clause, the Rebate Adjustment, and the Member Rate Stability Mechanism. For each of Kenergy's proposed riders,

a. Will the formula produce a rate change that does not change the rate design currently in effect for Kenergy? Explain the response.

b. Will the formula result in a revenue change that has been allocated to each customer class and within each tariff on a proportional basis? Explain the response.

c. If the response to either part (a) or part (b) is yes, provide an analysis supporting the positive response.

8. Refer to Exhibit 6 of the Application, the proposed URCF. The only purpose of the proposed URCF appears to be as an alternative to disclosing the five Big Rivers' tariff riders separately on customers' bills.

a. Does Kenergy agree with this description of the purpose for the URCF? Explain the response.

b. Is Kenergy aware of this Commission approving a tariff rider similar to the proposed URCF? If yes, identify the utility and the specific tariff.

9. Refer to Exhibit 8A of the Application, the proposed Small Power and Cogeneration (Over 100 kW – Customer Sells Power to Big Rivers). Provide a narrative

that describes how the provisions of the proposed tariff comply with each applicable section of 807 KAR 5:054. Note any exceptions and provide the reason(s) for each exception.

10. Refer to Exhibit 9 of the Application, the proposed Small Power and Cogeneration (Over 100 kW – Customer Buys Power from Kenergy) tariff. Provide a narrative that describes how the provisions of the proposed tariff comply with each applicable section of 807 KAR 5:054. Note any exceptions and provide the reason(s) for each exception.



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DATED March 17, 2008

cc: All Parties