

1 Kenergy's core mission of providing low cost reliable and safe electrical energy to its
2 members.

3
4 Kenergy is fully aware that its members cannot subsidize the broadband
5 subsidiary. As such separate accounts will be maintained and services provided by
6 Kenergy for Kenect will be paid by Kenect. The threshold request is to authorize
7 Kenergy to offer broadband service through a subsidiary – Kenect, Inc. Kenergy will
8 have use of the broadband fiber for intrasystem communication.

9
10 Q7. How viable is a broadband internet subsidiary?

11
12 A. Kenergy believes broadband is viable without grants. With grants Kenect may be
13 in a positive profit position in two (2) years.

14
15 Q8. What financial demands on Kenergy will this broadband venture require?

16
17 A. Kenect must have start-up capital. Kenergy proposes to invest \$3,000,000 in
18 Kenect to provide this start-up capital. The \$3,000,000 will come from cash typically
19 used for a capital credit retirement. Otherwise, Kenergy will provide only a nominal
20 amount of start-up capital as a loan, but Kenergy will then be required to guarantee
21 Kenect's credit support to ensure that Kenect will expend the granted funds on the
22 broadband project.

23
24 Q9. Where will Kenect's main funding come from?

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26 A. From grants and subscriber income.

27
28 Q10. What credit support will be required of Kenect?

29
30 A. For any grants, Kenect will be expected to expend the funds appropriately and
31 have credit support for repayment if it does not.

32
33 Q11. How does Kenect ensure that it will timely construct the program?

34
35 A. Kenect may be asked to provide a letter of credit to guarantee its obligations

36
37 Q12. How can Kenect obtain a letter of credit of that size?

38
39 A. One of two (2) ways. First, Kenergy can guarantee the letter of credit for Kenect.
40 An alternative is that CoBank will provide the letter of credit directly to Kenect without
41 Kenergy's guarantee of the letter of credit if Kenergy will invest \$3,000,000 into Kenect.

42
43 Q13. Which path does Kenergy prefer?

1 A. The \$3,000,000 investment is a one time cash outlay and is preferable. Because
2 Kenergy will not issue a capital credit retirement, this option will have no impact on
3 Kenergy's margin. Further, it is a simple transfer of member's equity from the entity to
4 another. As sole shareholder of Kenect, Kenergy's members will derivatively have their
5 equity in Kenect.

6
7 Q14. How important is broadband development in Kenergy's territory?
8

9 A. It is as vital now as electricity was in the 1930's and 1940's. The recent Covid
10 crisis has magnified the need. School work, telehealth and working from home depend
11 on high speed internet connection. The lack of high speed internet places our rural areas
12 at a competitive disadvantage.
13

14 Q15. Does the Kenergy Board of Directors support this project?
15

16 A. Yes, the Board Members maintain contact with Kenergy members, local officials,
17 and rural associations such as the Kentucky School Board Association, the Kentucky
18 Farm Bureau Federation, and the consumer Energy Alliance. This project has grass roots
19 and territory wide support.
20

21 Q16. Does this conclude your testimony?
22

23 A. Yes.
24

CASE NO. 2020-00215

VERIFICATION

I hereby verify, state and affirm that the testimony filed herein is true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



JEFFREY HOHN

STATE OF KENTUCKY

COUNTY OF Henderso

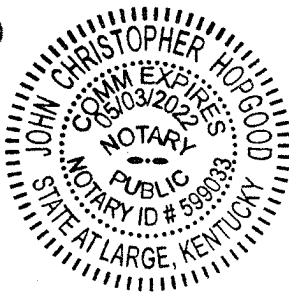
The foregoing was signed, acknowledged and sworn to before me by JEFFREY HOHN, this 17th day of July, 2020.

My commission expires 5-3-2022



Notary Public, State of Kentucky at Large

(seal)



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SUMMARY

I have been in the electric utility business for thirty-five (35) years, and have been in a staff position for twenty-seven (27) years. I've been a CEO for the last fifteen (15) years.

PROFESSIONAL EXPERIENCE

Kenergy Corporation, Henderson, KY 2015 to Present

We are a Rural Electric Cooperative serving 59,000 meters. Total plant of \$314 million, annual kWh sales of 7 billion, and operating revenue of \$343 million. We have 7,100 miles of distribution line, and 50 substations.

PRESIDENT/CEO

High Plains Power, Inc., Riverton, WY 2006 to 2015

A 13,000 meter Rural Electric Cooperative. Total plant investment of \$100 million, annual kWh sales of 1 billion, and operating revenue of just under \$100 million. 4,500 miles of distribution line, 320 miles of transmission line, and 54 substations throughout our 12,500 square mile service territory.

GENERAL MANAGER

I oversaw the day to day operations of our \$100 million dollar plant by our 54 employees stationed at our main office, or one of our three (3) district offices. I had four (4) direct reports. Work closely with a very diverse membership. Develop and implement an annual budget of \$13 million. Develop a \$20 million work plan.

- Testified before State Legislative Sub-committees.
- Testified before Wyoming Public Service Commission.
- Discuss placing on-site generation with large Member/owners.
- Regularly interact with two (2) Indian Tribes.
- Negotiate wheeling contracts with Renewable Generators.
- Interact with government agencies such as BLM and Game & Fish.

- Report to twelve (12) member Board of Directors.
- Negotiate contract with local union.
- Built \$6 Million office and warehouse.

Farmers' Electric Cooperative, Inc. of New Mexico, Clovis, NM 1997 to 2006

A 13,000 meter Rural Electric Cooperative serving mostly residential member/owners. Total plant investment of \$65 million, and operating revenue of \$25 million.

MANAGER OF ELECTRIC OPERATIONS

I oversaw the construction, operation, and maintenance of 4,000 miles of distribution line, 200 miles of transmission line, and 13 substations. Supervise 25 employees stationed in six (6) offices. Developed and implemented the Engineering and Operations budget.

- Testify before New Mexico Public Regulatory Commission.
- Work with Investor Owned power supplier on delivery issues.

Valley Electric Membership Corporation, Natchitoches, LA 1996 to 1997

A 33,000 meter Rural Electric Cooperative serving mostly residential member/owners. This Cooperative was sold to an Investor Owned Utility a few years after I left.

OPERATIONS MANAGER

I oversaw the construction, operation, and maintenance of 6,500 miles of line. Indirectly and directly supervised 103 of our 175 employees stationed in three (3) offices. Developed and implemented the Engineering and Operations budget.

- Perform duties of General Manager in his absence.
- Developed and implemented right-of-way clearance program.

Southwestern Minnesota Cooperative Electric, Pipestone, MN 1987 to 1996

A 2,700 meter Rural Electric Cooperative serving mostly residential member/owners. We joined forces with two (2) other Cooperatives to form a Transmission Cooperative called, L & O Power Cooperative. We had 2,400 miles of line and seven (7) substations. We successfully merged with our neighbor Cooperative in South Dakota. The new Cooperative is called Sioux Valley, and is located in Colman, South Dakota.

PROJECT MANAGER

I oversaw all system construction projects. I also conducted all inspections of work done on the system to insure compliance with RUS Regulations. Indirectly and directly supervised six employees.

- Participated in successful merger of two Cooperatives.

Missouri Basin Municipal Power Agency, Sioux Falls, SD

1985 to 1987

A Generation utility serving municipalities in North Dakota, South Dakota, Minnesota, and Iowa. Owned a portion of the Laramie River generating facility located in Wheatland, Wyoming.

Demand Side Technician

Developed and maintained Engineering Department software. Would assist member utilities in the installation and operation of their software.

- Perform load and rate forecasting for us and member utility.

EDUCATION

Southwest State University, Marshall, MN, 5/85
BS, Electronic Engineering Technology

University of South Dakota/Springfield, Springfield, SD, 5/83
Associate of Applied Science, Computer Technology