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Q6. How will Kenect obtain funding?

A. [Redacted]

Q7. Until it receives subsidy or subscriber income, how will it have funds to operate?

A. Kenergy has advanced funds for its consultant (Conexon) and has paid the legal fees for creating Kenect as well as the legal fees for this application. Big Rivers reimbursed Kenergy \$15,000 for the Conexon retainer. Except for similar administrative costs, Kenect will not become active until it receives its subsidy. Depending upon the amount of subsidy, Kenect may be operating at a profit after the first year.

Q8. [Redacted]

[Redacted]

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[REDACTED]

Q9. Physically, what will the plant and fixtures of a broadband operation look like?

A. A fiber optic network operates much like an electric distribution network. Where an electric distribution network picks up power at its wholesale provider's substations, a fiber optic network picks up the information it distributes at trunk line points. From that point, distribution fiber is strung along utility poles. Service lines are then run to individual businesses and residences where it terminates into an Optical Network Termination ("ONT") device that converts optical signals into electronic signals. From the ONT, an Ethernet cable (CAT 5) is run inside the home where it is connected to the home/business owner's router. The router is used to provide connectivity to all of the business/residence's devices. The "heavy lifting" is the done by the distribution fiber and that is the bulk of the capital cost of the system. [REDACTED]

Q10. What is the cost of a fiber system that reaches all of Kenergy's territory?

A. [REDACTED]

Q11. Who owns the fiber and why that entity?

A. Kenergy would construct the fiber and lease it to Kenect. First, Kenergy has the ability to borrow at low interest rates from the Rural Utility Service ("RUS"). RUS has a smart grid program specifically designed to lend money to rural electric cooperatives for this purpose. Kenect does not have access to such low interest funding and as such, the interest expense on the project would be four times higher if Kenect builds the fiber. Second, Kenergy can utilize the fiber for intra-system communications and the fiber serves as an alternative to automated meter communications when the current radio frequency automated meter system reaches the end of its useful life (approximately 5 years from the completion of the fiber

1 construction project). Additionally, Kenergy has the right to attach its equipment  
2 to its poles. Most of Kenergy's poles are in the highway right of way. Others are  
3 on member's property to which each member has consented by virtue of  
4 membership according to the terms of the membership. On the odd occasion where  
5 a private easement is necessary, Kenergy has been successful in obtaining private  
6 easements. There are no known instances where Kenergy or its predecessors have  
7 had to exercise eminent domain for its infrastructure. See Kenergy's membership  
8 agreement attached as Exhibit B hereto and its standard private easement attached  
9 as Exhibit C hereto.

10  
11 Q12. Will Kenergy use any of its assets to subsidize Kenect's operations?  
12

13 A. In the long term, no. In the short term, yes because Kenect is a start-up entity and  
14 lacks capital. Kenergy must provide the credit support necessary for Kenect to  
15 obtain a letter of credit. A letter of credit is required for [REDACTED] funding to ensure  
16 the [REDACTED] that the [REDACTED] funding will be used for the fiber to home project. If the  
17 funds aren't properly applied then the [REDACTED] can call the letter of credit to recoup the  
18 funding. However, any short term subsidy advanced by Kenergy to Kenect will be  
19 repaid by Kenect once it is able to do so.  
20

21 Q13. What is needed of the Commission in order to move the project forward?  
22

23 A. Kenergy needs a waiver or deviation from KRS 278.2201 and KRS 278.2213 in  
24 order to [REDACTED]  
25 [REDACTED]

26 Kenect can only get a letter of credit one of two ways: Kenergy can guarantee it or  
27 Kenergy can invest \$3,000,000 in Kenect and CoBank will supply the initial letter  
28 of credit without parent guarantee. KRS 278.2201 prevents Kenergy from  
29 subsidizing a non-regulated activity. Kenect cannot get started unless Kenergy  
30 lends it short term aid or subsidy. KRS 278.2213(14) prevents Kenergy from  
31 financing aid to Kenect that subjects the assets of Kenergy to recourse. The  
32 execution of a parent guarantee of a letter of credit by definition subjects Kenergy's  
33 assets to backstop the letter of credit. However, there will be no unfair competition  
34 to this project. [REDACTED] Kenect will pay  
35 Kenergy's costs for constructing the fiber. [REDACTED]  
36 [REDACTED]

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[REDACTED]

Q14. If the \$3,000,000 investment in Kenect is approved, will it affect Kenergy's margin or cause the need to raise rates?

A. No. Kenergy's margin is based on revenue less expenses. The cash portion of Kenergy's capital earns interest. The loss of interest income in investing \$3,000,000 is approximately \$15,000 annually.

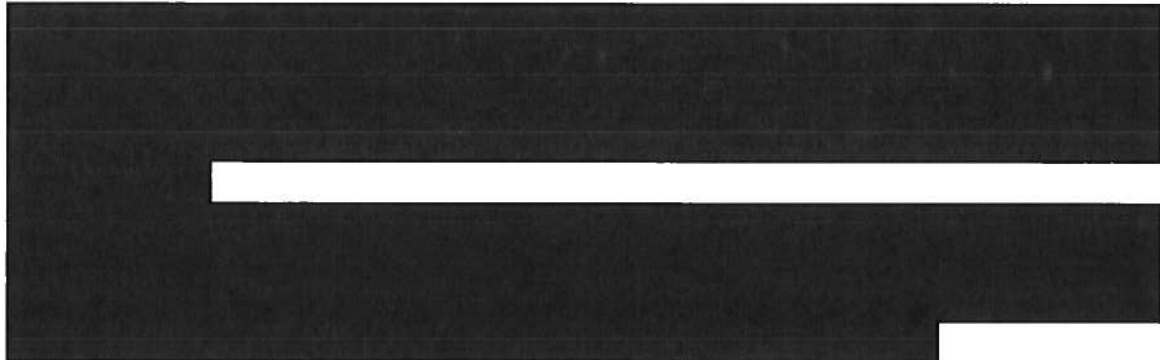
Q15. Does the Application subject Kenergy's assets to undue risk?

A. No. Kenergy would not propose this project if it caused undue risk to Kenergy's mission of providing safe, reliable electricity at reasonable rates. Because Kenergy controls Kenect, the parent guarantee option's risk factor is minimized. Simply, [REDACTED] Likewise, the short term option of investing \$3,000,000 in a wholly owned subsidiary is of minimal risk because Kenergy controls how Kenect will expend funds. Kenergy's control of Kenect ensures that the funds will be expended correctly and the broad band project will not get overextended.

Q16. What is the basis for Kenergy's belief that Kenect will succeed?

A. First, other cooperatives have had success with broadband. Conexon has completed over forty of these projects in the Connect America Fund and Connect American Fund II. Conexon has the history of past experience to model whether Kenect will succeed. [REDACTED]

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1 CASE NO. 2020-00215

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3 VERIFICATION

4 I hereby verify, state and affirm that the testimony filed herein is true and  
5 correct to the best of my knowledge, information and belief formed after a reasonable  
6 inquiry.  
7

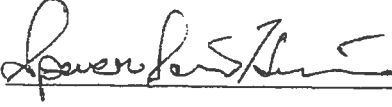
8  
9   
10 JEFF HOHN

11 STATE OF KENTUCKY

12 COUNTY OF Daviess  
13

14  
15 The foregoing was signed, acknowledged and sworn to before me by JEFF  
16 HOHN, this 15 day of September, 2020.

17  
18 My commission expires 18 March 2024  
19

20  
21   
22 ID # KYNP1149  
23 Notary Public

24 (seal)  
25  
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**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

<b>APPLICATION OF KENERGY CORP. FOR A</b>	<b>)</b>	<b>CASE NO.</b>
<b>WAIVER PURSUANT TO KRS 278.2219</b>	<b>)</b>	<b>2020-00215</b>

**REDACTED EXHIBIT A TO JEFF HOHN SUPPLEMENTAL TESTIMONY**





MEMBERSHIP FEE 200.1

APPLICATION FOR MEMBERSHIP MEMBERSHIP/SECURITY DEPOSIT CERTIFICATE EASEMENT

Date \_\_\_\_\_

SECURITY DEPOSIT 235

ACCOUNT NAME \_\_\_\_\_ ACCOUNT # \_\_\_\_\_

ADDRESS \_\_\_\_\_

APPLICANT \_\_\_\_\_ FEDERAL ID OR DRIVERS LICENSE & SOCIAL SECURITY \_\_\_\_\_

EMPLOYER \_\_\_\_\_ PHONE \_\_\_\_\_

SPOUSE'S NAME \_\_\_\_\_ FEDERAL ID OR DRIVERS LICENSE & SOCIAL SECURITY \_\_\_\_\_

JOINT APPLICANT \_\_\_\_\_ FEDERAL ID OR DRIVERS LICENSE & SOCIAL SECURITY \_\_\_\_\_

EMPLOYER \_\_\_\_\_ PHONE \_\_\_\_\_

CO-SIGNER \_\_\_\_\_ CO-SIGNER CAPITAL CREDIT # \_\_\_\_\_

OFFICE USE ONLY
DATE
APPLIED TO FINAL BILL
CASH REFUND or CHECK
INTEREST AMOUNT
MASS REFUND/DATE

WHITE - CUSTOMER COPY YELLOW CARD - OFFICE COPY

AT-44 Revised 01/2006

(1) I apply for membership in Kenergy Corp.(hereinafter referred to as "cooperative") and attach to this application the membership fee of FIVE DOLLARS (\$5.00).

(2) I agree that as a member of the cooperative:

(a) I will pay the cooperative's tariff rates as approved from time to time for all electric energy charged to my account.

(b) I grant the cooperative the permanent right to construct, operate, remove, replace and perpetually maintain its electric power lines (whether overhead or underground) and all associated equipment on the property owned or occupied by me, and in or upon all roads, streets or highways abutting that property, and will execute and deliver to the cooperative any conveyance, grant or instrument which the cooperative shall request for said purpose or any of them. I agree that all wires, meters, poles, transformers and other equipment which the cooperative constructs or installs on that property will, at all times, be owned by the cooperative, and the cooperative shall have the right to come on that land to exercise the rights granted it by me herein, which include the right to cut, trim and control the growth of trees, shrubbery and other vegetation, by any reasonable means, that may interfere with or threaten to endanger the operation or maintenance of lines or other equipment.

(c) I understand that as a member of the cooperative I will have the rights and privileges of a member under the Articles of Consolidation and Bylaws of the cooperative and will be bound by the responsibilities, rules and regulations imposed on a member by those documents and any amendments to those documents that may from time to time be adopted by the Board of Directors or membership of the cooperative.

(3) I further understand that acceptance of my application for membership by the Board of Directors of the cooperative will constitute an agreement between the cooperative and me upon the terms set forth herein.

(4) Applicant agrees that this membership shall be

[ ] a) Individual Membership [ ] b) Joint Membership (both parties must sign certificate) [ ] c) Business, Church or Organization

(5) The undersigned Member(s) agrees to deposit with the cooperative such security deposit as is required by the rules and regulations of the cooperative and hereby grants cooperative a security interest in that deposit as collateral for service to be supplied by cooperative. If service to Member is terminated, cooperative shall apply that deposit and any assigned assets held by the cooperative to any bills due the cooperative and any portion of said deposit not so applied shall be refunded to undersigned upon termination of service.

APPLICANT (Signature)

JOINT APPLICANT (Signature)

EMPLOYEE INITIALS



RE 640 557 - 558



ELECTRIC LINE - RIGHT-OF-WAY EASEMENT (OVERHEAD OR UNDERGROUND FACILITIES)

THIS EASEMENT for electric facilities made and entered into on this 29 day of APRIL, 2019 by and between the undersigned (whether one or more) James E. Scott & Darcy Meahl Cate's ED PO DARD'S KENTUCKY (unmarried) (husband and wife) and Kenergy Corp a cooperative whose address is P.O. Box 18, 6402 Old Corydon Road, Henderson, Kentucky, 42419-0018 (hereinafter called "Cooperative").

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned grant(s) unto the cooperative, its successors and assigns, the right to enter upon the land of the undersigned, for the purposes stated herein, which lands are situated in HENDERSON County, Kentucky, and more particularly described as follows:

Permission granted for telephone, cablevision or other communications to attach to poles and use same route.

A certain tract of land containing approximately 150 acres located 6507 Hwy 1299 w/o 24155 loc, 1

and bounded as follows:

On the North By MEAHLAND Cate's RD  
On the South By DENNIS NUNN  
On the East By Hwy 1299  
On the West By DENNIS NUNN

OWENSBORO, KY 42302  
P.O. BOX 1389  
ATTN: SCOTT ATHERTON  
KENERGY CORPORATION

AND BEING the same real property acquired by the undersigned from James Darcy Ed. by DEED dated the 2 day of MAY, 2014, of record in DEED book 043, page 0452, office of the HENDERSON County Court Clerk.

The undersigned grant(s) to the Cooperative an electric power line easement 20 feet in width along with the right to construct, bury, reconstruct, rephase, repair, replace, operate and maintain on the above-described lands an electric transmission and/or distribution line, cable or system and necessary related facilities, and to cut, trim and control the growth by any reasonable means of trees, shrubbery and other vegetation located within the easement or that may interfere with or threaten to endanger the operation or maintenance of said line, cable or system.

The Undersigned covenant(s) that they (he or she) have (has) the right to convey the foregoing easement and rights granted herein and that the Cooperative shall have quiet and peaceable possession of said rights throughout the existence of this easement.

Cooperative agrees that it shall pay all reasonable damages to existing buildings, growing crops (where appropriate), and fences caused by ordinary day-to-day construction, operation, maintenance or reconstruction required by Cooperative in the exercise of the rights herein granted. The easement shall be kept clear of all other obstructions, including buildings, that may interfere with or endanger the operation and maintenance of said line, cable or system.

The location of the easement herein granted shall at all times be as selected by Cooperative and said location shall be as approximately shown on the attached plat or sketch of said location if attached hereto.

upgrade single phase to three along Hwy 1299,

Prepared by Kevin Lee Cosby Key see cables  
KENERGY Corp (Print) P.O. Box 1389  
Owensboro KY 42302  
KENERGY CORP.

IN WITNESS WHEREOF, the undersigned have set their hands this day and date first hereinabove written.

Scott Clay  
James E. Scott

Signed in the presence of:  
KEVIN LEE COSBY

STATE OF KENTUCKY  
COUNTY OF ANDERSON

The foregoing instrument was acknowledged before me this 29 day of APRIL, 2019, by James E. Scott & Darcy Cate

5662812  
Notary Public, KEVIN LEE COSBY  
My Commission Expires: 10-28-20

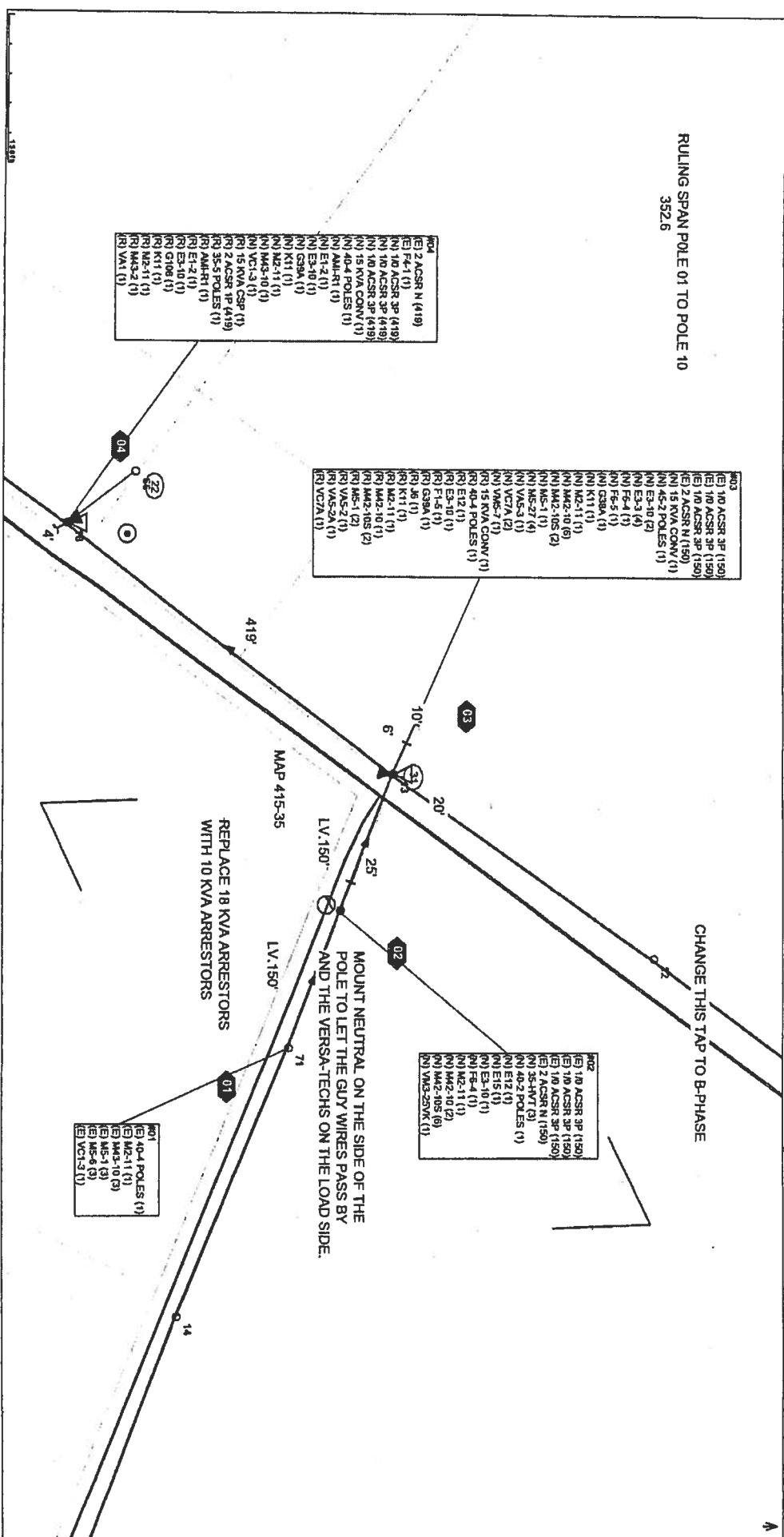


Name: Cherry Hill Rd @ KY 1299  
 Map Number: 41535013P  
 Address:  
 City:  
 County: 07 - Henderson  
 Staked By: Contractor

**COPY**

RUS Description: 387 -  
 NIAGARA 1PHASE TO  
 3PHASE 1/0 ACSR  
 RW Secured: No  
 Dir. Code: 04  
 Phasing: Three

W.O. #: 24155  
 S.O. #: 190020270  
 Staked By: Contractor  
 2019-05-01  
 Approved By: Date:





**2019012470**

**HENDERSON CO, KY FEE \$17.00**

PRESENTED / LODGED: 11-07-2019 12:05:10 PM

RECORDED: 11-07-2019

RENESA ABNER

CLERK

BY: TONYA WILSON  
DEPUTY CLERK

**BK: RE 640**

**PG: 557-558**

MAILED TO: 11/08/2019  
KENERGY CORP - ATTN: SCOTT ATHERTON  
PO BOX 1389  
OWENSBORO, KY 42302



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BEFORE THE PUBLIC SERVICE COMMISSION**

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