COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF	)	
KENERGY CORP. FOR A GENERAL	)	**CASE NO. 2023-00276**
ADJUSTMENT OF RATES	)	

DIRECT TESTIMONY

AND EXHIBITS

OF

RANDY A. FUTRAL

ON BEHALF OF THE

KENTUCKY OFFICE OF THE ATTORNEY GENERAL

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

JANUARY 2024

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DIRECT TESTIMONY OF RANDY A. FUTRAL

I. QUALIFICATIONS AND SUMMARY

Q. Please state your name and business address.

A. My name is Randy A. Futral. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. What is your occupation and by whom are you employed?

A. I am a utility rate and planning consultant holding the position of Director of Consulting with the firm of Kennedy and Associates.

Q. Please describe your education and professional experience.

A. I earned a Bachelor of Business and Science degree in Business Administration with an emphasis in Accounting from Mississippi State University. I have held various positions in the field of accounting for a period of over 35 years, both as an employee and more recently as a consultant. My experience has been focused in the areas of accounting, auditing, tax, budgeting, forecasting, financial reporting, and management.

Since 2003, I have been a consultant with Kennedy and Associates, providing services to state government agencies and large consumers of utility services in the ratemaking, financial, tax, accounting, and management areas.

From 1997 to 2003, I served both as the Corporate Controller and Assistant Controller of Telscape International, Inc., an international public company providing telecommunication and high-end internet access services. My tenure with Telscape included responsibilities in the areas of accounting, financial reporting, budgeting, forecasting, banking, and management.

From 1988 to 1997, I was employed by Comcast Communications, Inc., then the world's third largest cable television provider, in a series of positions including Regional Controller for their South Central regional office. My duties with Comcast encompassed various accounting, tax, budgeting, forecasting, and managerial functions.

From 1984 to 1988, I held various staff and senior level accounting positions for both public accounting and private concerns focusing in the areas of accounting, budgeting, tax and financial reporting.

I have testified as an expert on ratemaking, accounting, finance, tax, and other issues in proceedings before regulatory commissions at the federal and state levels on numerous occasions. I have testified in numerous proceedings regarding distribution cooperatives and participated in the drafting and finalization of numerous formula rate plans involving such. I have also acted as the lead expert in numerous proceedings involving audits of Louisiana fuel adjustment clauses, environmental adjustment clauses, purchase gas adjustment clauses, energy efficiency rider filings, and formula rate plan filings resulting in written reports that were ultimately approved by the Louisiana Public Service Commission.

I previously appeared as a witness before the Kentucky Public Service Commission ("Commission") in a Water Service Corporation of Kentucky base rate proceeding in Case No. 2022-00147 and in a Duke Energy Kentucky, Inc. base rate proceeding in Case No. 2022-00372. I also filed Direct Testimony in a Kentucky Power Company ("Kentucky Power" or "Company") purchased power adjustment tariff update proceeding in Case No. 2023-00318, in which a hearing is still pending. Finally, I filed Direct Testimonies in a Kentucky Power fuel adjustment clause six-month review proceeding in Case No. 2022-00263 and in a Kentucky Power fuel adjustment two-year review proceeding in Case No. 2023-00008. These cases were consolidated into one proceeding and a hearing is still pending. Although I had not previously appeared before the Commission as a witness, I have assisted counsel for the Office of the Attorney General of the Commonwealth of Kentucky and Kentucky Industrial Utilities Customers, as well as other Kennedy and Associates' experts, in numerous proceedings before the Commission, including base rate, fuel adjustment clause, and acquisition proceedings involving Kentucky Power, Atmos Energy Corporation, Duke Energy Kentucky, Inc., Columbia Gas of Kentucky, Inc., Kentucky Utilities Company, Louisville Gas and Electric Company, Big Rivers Electric Corporation, Jackson Purchase Energy Corporation, East Kentucky Power

Cooperative, and Kentucky-American Water Company.[1]

Q. On whose behalf are you testifying?

A. I am providing testimony on behalf of the Office of the Attorney General of the Commonwealth of Kentucky ("AG").

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address and make recommendations on specific issues that affect Kenergy Corp.'s ("Kenergy" or "Company") requested base revenue increase and to quantify and summarize the effects of those recommendations.

Q. Please summarize your testimony.

A. I recommend that the Commission authorize an increase in Kenergy's base revenues of no more than $3,188,109, a reduction of $1,681,888 from the Company's requested increase of $4,869,997. On Table 1 below, I list each adjustment that I recommend and the effect of each adjustment on the Company's requested increase.[2] These adjustments were developed in consultation with the AG, but I understand that the AG's final adjustments may differ based upon discovery, testimony, and further evidence presented throughout the course of this proceeding.

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[1] My qualifications are further detailed in Exhibit___(RAF-1).

[2] The quantifications shown on the table are detailed in my electronic workpapers, which have been filed along with my testimony.

Table 1
Kenergy Corp.
Case Number 2023-00276
AG Revenue Requirement Recommendations
For the Twelve Months Ended February 28, 2023
($)

	Adjustment Amount	PSC Fee Gross-Up	Change in Rates
Amount of Base Rate Increase Requested by Kenergy			4,869,997
AG Adjustments to Kenergy's Calculated Revenue Requirement:			
Reduce ROW Maintenance Expense	(812,063)	1.001502	(813,283)
Remove Veg. Mgmt. Expense Associated With Broadband Fiber Construction	(122,178)	1.001502	(122,361)
Remove Payroll and Overhead Expense for Vacant Positions	(436,574)	1.001502	(437,230)
Remove Credit Card Processing Fees	(308,551)	1.001502	(309,014)
Total AG Adjustments to Kenergy's Requested Increase			(1,681,888)
AG Recommended Maximum Base Rate Increase for Kenergy			3,188,109

II. OPERATING EXPENSES

A. Reduce Excessive Routine Right of Way Maintenance Expense

Q. Describe the amount of right of way ("ROW") maintenance expense included in the revenue requirement.

A. The Company incurred actual ROW maintenance expense of $6,276,650 during the test year as recorded in account 593.300, *Maintenance of Overhead Lines-ROW*. Kenergy made no proforma adjustment to adjust that expense amount to a more normal recurring level of expense. Kenergy's failure to adjust the actual test year amount is problematic because the level of expense for routine ROW maintenance was higher than normal during the test year. Table 2 below shows the expense amounts by year for account 593.300.[3] Table 2 also provides a breakdown between

[3] The data included in Table 2 was provided in responses to AG 1-25 and AG 2-3. I have attached the pertinent public portions of the response to AG 1-25 as my Exhibit___(RAF-2). The response to AG1-25(f) was originally filed as confidential, but the Company made a supplemental filing on December 13, 2023 that

routine ROW maintenance to fulfill the Company's circuit mile routine ROW maintenance goals and all other expense for each year in account 593.300.

Table 2
Kenergy Corp.
ROW Maintenance in Account 593.300
$

Year	Total ROW Maintenance in Account 593.300	Routine ROW Maintenance in Account 593.300	Non-Routine ROW Maintenance in Account 593.300
2019	2,836,349	2,274,763	561,586
2020	3,707,525	3,148,713	558,812
2021	4,932,459	4,288,364	644,095
2022	6,214,818	5,480,012	734,806
Test Year	6,276,650	5,389,320	887,330

As can be seen in Table 2, the largest increases in ROW maintenance related to the Company's routine ROW maintenance activities. While it is a known fact that such expenses have increased considerably in Kentucky over the last several years, the test year expenses are especially elevated and need to be normalized.

Table 2 also highlights a larger than normal increase in the level of non-routine ROW maintenance expenses in account 593.300 in the test year compared to 2022 and prior years. I will address a large contributor for that increase, additional ROW maintenance activities related to the Company's fiber broadband project, in a subsequent section of my testimony.

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removed the protection status for this and several other subparts to the response to AG 1-25. I have attached the response to AG 2-3 as my Exhibit___(RAF-3).

Q. How many overhead circuit miles does Kenergy seek to keep trimmed as part of its routine vegetation management plan?

A. Kenergy stated in discovery that it currently has 5,438 overhead primary line miles that it seeks to trim over a six-year cycle, which averages 906 miles annually.[4]

Q. What was the number of actual overhead circuit miles trimmed over each of the last several years and budgeted for 2023 and 2024?

A. Kenergy provided the circuit miles trimmed each year for the last several years and budgeted for 2023 and 2024 in response to discovery, which are summarized in Table 3 below.[5]

[4] Kenergy's response to AG 2-1. I have attached a copy of this response as my Exhibit___(RAF-4).
[5] Kenergy's response to AG 1-25. See Exhibit___(RAF-2).

Table 3
Kenergy Corp.
Actual Circuit Miles Trimmed

Year	Circuit Miles Trimmed or Budgeted	Comments
2016	1,122	
2017	1,095	
2018	1,002	
2019	782	Townsend Left
2020	685	
2021	912	
2022	1,139	
2023	909	Budgeted
2024	1,011	Budgeted
9 Yr Average	962	2016-2024
Last 6 Yr Average	906	2019-2024

Table 3 shows that the average number of circuit miles trimmed and expected to be trimmed for the entire nine-year period is 962. It also shows that the average number of circuit miles trimmed and expected to be trimmed for the six-year period from 2019 through 2024 is 906 miles, which matches the six-year routine ROW maintenance goals for the Company's system as noted above.

The primary contractor for the Company's routine ROW maintenance activities through 2019 was Townsend Tree Service ("Townsend"). Kenergy reported that Townsend left its service area during 2019, as was the case in many Kentucky service areas, due to profitability concerns. The primary contractor in recent years has been Halter Tree Service, Inc., which is a subsidiary of the Halter Group. The Company reported that it had to modify the work being performed in years subsequent to 2019 and 2020 in order to stay within its six-year cycle routine ROW maintenance goal.[6] In response to discovery, Kenergy stated that it added 5.67 miles in 2021, 233.13 miles in 2022, 3 miles in 2023, and 105.38 miles in 2024 in order to maintain its six-year cycle goal following Townsend's departure.[7] Kenergy also stated that the normal routine ROW maintenance cycle is expected to be back in place in 2025.[8]

Q. Was the number of routine ROW maintenance circuit miles completed in 2022 more than normal?

A. Yes. As can be seen in Table 3 and confirmed in the discovery response just noted, Kenergy completed 233 additional miles of routine ROW maintenance in 2022 compared to a normal six-year annual average of 906 miles. This amounts to an additional 25.7% in routine ROW maintenance activity in 2022 compared to the annual average. That is important to note as the test year contains ten months of 2022 actual expense and only two months of 2023 actual expense. Thus, the test year routine ROW maintenance activity was considerably higher than the average annual level.

Q. What has been the average price per mile being paid for the routine ROW maintenance during 2023?

A. The average price for the routine ROW maintenance during 2023 is $5,052.16 per

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[6] *Id.*
[7] Kenergy's response to AG 2-2. I have attached a copy of this response as my Exhibit___(RAF-5).
[8] *Id.*

mile.[9] This is the same price per mile that was submitted in the Halter Group's quote for 2023 when it submitted a bid for 2022 and 2023 prior to the start of 2022.[10] The average price per mile is a quantified amount based upon the different agreed-upon prices for each individual circuit to be trimmed in any one year.

Q. What are your recommendations?

A. I recommend that the Commission authorize the amount of routine ROW maintenance expense based on the Company's actual average cost of $5,052.16 per circuit mile in 2023 and an assumption that the Company actually will trim 906 miles per year in order to maintain a six-year cycle for its total 5,438 circuit miles to be trimmed. The average annual miles matches the actual and expected circuit miles to be trimmed during the six-year period 2019 through 2024. This recommendation is consistent with the Commission's Order in a recent Farmers Rural Electric Cooperative Corporation ("RECC") rate proceeding.[11]

Q. What is the effect of your recommendation?

A. The effect is a reduction of $812,063 in routine ROW maintenance expense included in the claimed base revenue deficiency. This amounts to a reduction of $813,283 in

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[9] Kenergy's response to AG 1-25(f). See Exhibit___(RAF-2).

[10] Kenergy's attachment response to AG 1-25(i) consisting of the bid documents of the Halter Group. This attachment was originally designated as confidential, but the Company made a supplemental filing on December 13, 2023 that removed the protection status for this and several other subparts to the response to AG 1-25. I have attached a copy of the bid document attachment for 2023 alone as my Exhibit___(RAF-6). See Exhibit___(RAF-2) for the narrative portion of the response to AG 1-25.

[11] Case No. 2023-00158, *Electronic Application of Farmers Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC October 3, 2023), Order at 12.

the base revenue requirement and requested base rate increase after the gross-up for Commission assessment fees.

B. <u>Remove Vegetation Management Expense Associated With Broadband Internet Service Construction Project</u>

Q. How did the Company describe its new broadband internet service construction project in its application?

A. The Company provided the following description of its new broadband internet service construction project in Exhibit 25 in its application.[12]

> **Kenergy formed a wholly owned subsidiary, Kenect, Inc., for the purpose of providing broadband internet service to its members. Kenergy will construct and own a smart grid fiber-optic network and Kenect, Inc. will utilize excess capacity on the network to provide broadband service. Kenect, Inc. has contracted with Conexon Connect, LLC to provide retail broadband service to Kenergy's members. In return, Conexon Connect, LLC will pay Kenect, Inc. a base access fee and a percentage of the revenue from broadband sales. Kenect, Inc. will then pay the entire base access fee and revenue share to Kenergy, the asset owner.**

Q. Did Kenergy originally seek a Certificate of Public Convenience and Necessity ("CPCN") from the Commission for this project?

A. Yes. Kenergy filed an application associated with this project on September 10, 2021, and an amended application on October 7, 2021 in Case No. 2021-00365.[13]

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[12] Kenergy's application at Exhibit 25, page 2 of 23.

[13] Case No. 2021-00365, *Electronic Application of Kenergy Corp. for a Certificate of Public Convenience and Necessity for the Construction of a High-Speed Fiber Network and for Approval of the Leasing of the Network's Excess Capacity to an Affiliate to be Engaged in the Provision of Broadband Service to Unserved and Underserved Households and Businesses of the Commonwealth* (Ky. PSC July 01, 2022), Order at 1.

Kenergy's CPCN request sought the Commission's approval for a fiber network to facilitate its intra-system communications and to lease excess capacity of that fiber network to an unregulated affiliate, Kenect, Inc. ("Kenect"), to provide broadband service to unserved and underserved households and businesses in Kenergy's service territory.[14] Kenergy's request sought authorization to construct approximately 7,200 miles of high-speed fiber optic cable across its service area over a four-to-six year period.[15] At the time the project was being considered, the project had an estimated cost of $143,825,355, which included the cost of make ready work and new poles.[16]

Q. Did the Commission's authority in regards to Kenergy's CPCN request change during the pendency of Case No. 2021-00365?

A. Yes. The Order from that case stated that Kentucky statute KRS 278.020(1) requires that no utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from the Commission and that to obtain a CPCN, the utility must demonstrate: (1) a need for such facilities; and (2) an absence of wasteful duplication.[17] The Order also recited case law to define wasteful duplication as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties."[18] Kentucky statute KRS 278.5464 applies more specifically to broadband internet projects and was originally enacted giving the Commission

[14] *Id.* at 6.
[15] *Id.*
[16] *Id.* at 7.
[17] *Id* at 3.
[18] *Id.*

authority to approve CPCNs related to the provision of broadband service to unserved and underserved households and businesses served by distribution cooperatives in the state.[19] That statute originally provided for a less constrained wasteful duplication standard as part of the Commission's consideration to encourage the provision of broadband internet service.[20] During the pendency of Case No. 2021-00365, Senate Bill 315 modified KRS 278.5464 to remove consideration of broadband internet projects from the Commission's responsibility when considering CPCNs.[21]

Q. How did the Commission ultimately rule in regards to Kenergy's CPCN request in Case No. 2021-00365?

A. The Commission's focus in that proceeding shifted to the fiber network built for purposes of the communications network to serve the Company's electric distribution customers. The Commission found that the fiber network was needed for these purposes for a variety of reasons, but it also found that the Company failed to meet its burden of proof in regards to the wasteful duplication standard.[22] According to the Order, Kenergy had stated that only five percent of the fiber network's capacity would be used for intra-system communications for its electric customers, and 90–95 percent of the capacity would be excess to be leased to Kenect for broadband service.[23] Thus, the Commission denied the CPCN request on the

[19] *Id.* at 4-5.
[20] *Id.*
[21] *Id.* at 5.
[22] *Id.* at 9-15.
[23] *Id.* at 13.

basis of the wasteful duplication standard. However, the Commission also made it clear that such denial did not mean that Kenergy could not build the fiber network to provide broadband service according to the provisions of the amended KRS 278.5464.[24] The Commission stated in the Order that "Kenergy can facilitate the operation of an affiliate engaged exclusively in the provision of broadband service to unserved and underserved areas by constructing and leasing a fiber network for the provision of broadband service."[25] However, KRS 278.2201 requires that a utility shall in no way subsidize the activities performed for or by an affiliate and that revenues and costs be tracked via separate accounts for this purpose.

Q. How is Kenergy accounting for the revenues and costs associated with the new broadband fiber-optic network internet service project?

A. As stated in Exhibit 25 filed with Kenergy's application, the Company seeks to record all assets related to the new broadband fiber-optic network as non-utility property.[26] Exhibit 25 also states that all revenues and expenses related to that network will be recorded in various account 417 subaccounts and that those amounts will be reflected as non-operating income and expenses on Kenergy's Statement of Operations.[27]

Q. Did Kenergy make a proforma adjustment in an attempt to remove all revenues and expenses associated with the broadband fiber project from the

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[24] *Id.* at 11.
[25] *Id*.
[26] Kenergy's application at Exhibit 25, page 2 of 23.
[27] *Id*.

determination of its base rate revenue requirement?

A. Yes.[28] Mr. Wolfram described this proforma adjustment in testimony by stating that it "removes the test year amounts associated with broadband, which are unrelated to the provision of electric service."[29]

Q. Did Kenergy properly remove all expenses associated with the new broadband fiber optic network from the revenue requirement in this proceeding?

A. No. Kenergy began incurring additional ROW vegetation expenses associated with the construction of the new broadband fiber project in December 2022. These services were performed by Asplundh Tree Expert, LLC ("Asplundh") and these were the only services provided by Asplundh during the test year. From December 2022 through the end of the test year, Kenergy incurred $122,178 in expenses to trim areas around the distribution lines in order to facilitate the installation of the new fiber optic network.[30] These Asplundh expenses were recorded as ROW vegetation management expenses in account 593.300 under sub code 434 – *Vegetation Management – Job Orders*.[31] That sub code has traditionally been used to reflect specified ROW maintenance projects not performed as part of the more routine activities. Total expenses assigned to that sub code during the test year amounted to $317,894. In addition to the Asplundh fiber project ROW expenses, Halter Tree Service, Inc. performed services related to other specified job orders summing to

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[28] Application at Reference Schedule 1.09.
[29] Direct Testimony of John Wolfram at 12.
[30] Kenergy's response to AG 2-3(c). See Exhibit___(RAF-3). Refer also to the Master Agreement between Kenergy and Asplundh contained as an attachment to the response to AG 1-25, which details the scope of the work being performed. See Exhibit___(RAF-2).
[31] Kenergy's response to AG 2-4. I have attached a copy of the narrative portion of this response as my Exhibit___(RAF-7).

$195,716 in the test year.[32]

Q. What is the important distinction about the ROW maintenance expenses billed by Asplundh that are associated with the Company's new broadband fiber construction project?

A. The Asplundh generated costs were not recorded as account 417 non-utility expenses along with the other broadband fiber project costs. Thus, they have been and continue to be reflected as an electric distribution cooperative expense, even though the expense would not have been incurred but for the broadband fiber construction project. These are costs incurred specifically related to the construction project. By not reflecting these expenses as account 417 non-utility expenses, Kenergy, as the electric distribution cooperative, is essentially subsidizing a portion of the costs necessary to construct the project for Kenect.

Q. Can you further show how the ROW maintenance expenses associated with the Company's new broadband internet service fiber construction project are continuing to grow?

A. Yes. As provided in Table 2 above, the Company incurred actual ROW maintenance expense of $6,276,650 during the test year in account 593.300 and the Company made no proforma adjustments to modify that amount in its revenue requirement determination. In addition to Kenergy's routine ROW maintenance activities, its test year ROW maintenance expenses also included costs incurred for spraying, specific

[32] Kenergy's response to AG 2-3(c). See Exhibit___(RAF-3).

job orders like the fiber construction project, storm restoration, labor to oversee vegetation management contractors, overhead related to that labor, transportation costs, and other. Table 4 below provides a breakdown of the ROW maintenance costs recorded in account 593.300 from 2020 through the most recent month in 2023 with available information, October 2023.

Table 4
Kenergy Corp.
Account 593.300 Annual Breakdown by Sub Code and Description

Sub Code and Description	2020	2021	2022	Test Year	2023 Through October
101 - Mileage & Travel			88	88	
102 - Meals & Meeting Exp	43		186	186	173
104 - Seminars & Training	184	764	1,105	1,171	2,052
135 - Tuition Reimburse	947	888			
139 - Retire. Gifts/Events	550				
146 - Vehicle Allowance	342	253	71	52	210
250 - Depr Exp - Gen Plnt	250	183	20	12	
408 - Crew Meals			26	26	(626)
419 - Matl Chg - Maint			4,547	4,547	
428 - Veg Mngt-Routine Maint	2,999,297	4,288,364	5,480,012	5,389,320	3,898,515
429 - Veg Maint-Cap Proj	13,778			-	66,746
431 - Veg Mngt-Spraying	127,079	129,086	127,269	127,269	117,786
432 - Veg Mngt-Trd A Tree	4,525	3,280	850	850	1,000
433 - Veg Mngt-Cust Ed	301	315	300	300	395
434 - Veg Mngt-Job Orders	**152,848**	**163,732**	**193,909**	**317,894**	**523,834**
435 - Veg Mngt-ISA Membshp	215	335	215	215	215
457 - Veg Mngt - Storms		2,635	10,843	10,843	41,657
470 - Major Storm Expenses					2,066
740 - Employee Incentive	7,941	10,178	2,855	1,470	638
774 - Christmas Party Exp/Bonus	431	360	546	546	
Transportation	29,902	28,731	37,241	44,434	39,943
Labor & Overheads	368,893	303,356	354,735	377,428	331,905
Total Account 593.300	**3,707,525**	**4,932,459**	**6,214,818**	**6,276,650**	**5,026,509**

As can be seen in Table 4, the amount reflected in sub code 434 started increasing significantly at the end of 2022 in conjunction with the Asplundh ROW maintenance expenses performed in conjunction with the broadband fiber project. Those expenses have continued to grow throughout 2023 as compared to previous years. Expenses related to sub code 434 for the ten months ended October 31, 2023 more than doubled the amount of expense recorded in any of the previous full years. Of the $523,834 recorded in sub code 434 through October 2023, $442,090 related to the Asplundh maintenance activities.[33] The Commission should plan to consider this factor in future Kenergy ratemaking proceedings.

Q. What is your recommendation?

A. I recommend that the Commission require that the ROW maintenance expenses incurred due to the broadband fiber construction project be reflected as an account 417 non-utility expense and removed from the revenue requirement so that the electric distribution members do not subsidize any portion of the project costs incurred during the test year. I also recommend that the Commission require Kenergy to begin recording all such costs as an account 417 non-utility expense so that these costs can be appropriately considered in all future base rate proceedings.

Q. What is the effect of your recommendation?

A. The effect is a $122,178 reduction in ROW maintenance expense and a $122,361 reduction in the base revenue requirement and requested base rate increase after the gross-up for Commission assessment fees.

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[33] Kenergy's response to AG 2-3(c) and (d). See Exhibit___(RAF-3).

C. <u>Remove Payroll and Overhead Expense for Vacant Positions</u>

Q. Describe the Company's requested increase of regular wages expense in the base revenue requirement.

A. The Company performed a proforma adjustment to increase actual test year labor expenses by $311,009 related to 2023 wage rate increases and for the future hiring of five positions that were vacant as of the end of the test year.[34] The largest portion of the proforma increase relates to regular wages paid, which was computed based upon full-time employment for 128 positions and an average pay rate of $41.10 per hour. The average pay rate of $41.10 per hour represents the Company's computed average pay rate for all positions in place as of the end of the test year.[35] The Company's testimony described the proforma adjustment by stating that it "updates test year labor expenses to reflect test year ending wage rates on February 28, 2023."[36] The Company computed total payroll costs to be adjusted and then applied an expense factor of 71.052% to determine the amount expensed for Times Interest Earned Ratio ("TIER") computation purposes.

Q. You mentioned that the Company had five vacant positions as of the end of the test year. Can you describe the status of Kenergy's vacant positions during the test year in more detail?

A. Yes. Kenergy stated in testimony that it had reduced its level of full-time employees

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[34] Application at Reference Schedule 1.13.
[35] Kenergy's response to Staff 1-22, a copy of which I have attached as my Exhibit___(RAF-8).
[36] Direct Testimony of John Wolfram at 13.

from 131 in its previous rate case to 128 in this case.[37] However, the Company did not have 128 employees throughout most of the test year. The Company had vacant positions throughout much of the test year and for at least two months after the end of the test year. Table 5 below depicts Kenergy's number of full-time equivalents each month from the beginning of the test year until the most current month in 2023 with available information.[38]

Table 5
Kenergy Corp.
Headcount By Month
Since Beginning of Test Year

Month	# of Full-Time Equivalent	Month	# of Full-Time Equivalent
Mar-22	130	Jan-23	123
Apr-22	126	Feb-23	123
May-22	126	Mar-23	123
Jun-22	127	Apr-23	127
Jul-22	127	May-23	129
Aug-22	124	Jun-23	128
Sep-22	125	Jul-23	128
Oct-22	124	Aug-23	127
Nov-22	124	Sep-23	127
Dec-22	124	Oct-23	128

As can be seen in Table 5, the number of employees fell from higher levels near the beginning of 2022 to 126 in April 2022, to 124 in August 2022, to 123 in January 2023, and finally increased up to 127 in April 2023. It was May 2023 before the Company's claimed number of employees of 128 was realized.

[37] Direct Testimony of Timothy Lindahl at 10.
[38] The data in Table 5 was derived from the response to AG 1-36. I have attached a copy of that response as my Exhibit___(RAF-9).

Q. What were the positions that were filled in April and May of 2023 and the rates of pay of each?

A. The Company supplied the positions filled and their rates of pay in response to discovery.[39] That data is provided below.

Position	Hourly Rate
Apprentice Line Tech II	$28.88
Meter/AMI Tech	$30.07
Apprentice Line Tech I	$24.10
Apprentice Line Tech I	$24.10
Apprentice Line Tech I	$25.10

These positions are primarily entry-level. The actual average rate of pay for these positions is only $26.45, compared to an average pay rate of $41.10 included in the Company's proforma adjustment.

Q. Should the Company be authorized an increase in test year labor expense for the hiring of long-standing vacant positions after the end of the test year?

A. No. The average number of employees during the entire test year was only 125 and was only 124 during the last seven months of the test year. The Company has not justified why its number of employees was so low throughout the test year and remained that way until two months after the test year was complete. There is no guarantee that the Company will not continue to experience at least some level of vacancies going forward. In addition, the Company's proforma adjustment for the five vacant positions was not based on known and measurable pay rates for those specific positions, but rather based upon the average pay rate for all other employees

[39] Kenergy's Response to AG 1-35. I have attached a copy of that response as my Exhibit___(RAF-10).

as of the end of the test year. Finally, it is not clear that the hiring decisions after the end of the test year was not in some way related to the broadband fiber project.

Q. Is there recent Commission precedent regarding the inclusion of payroll costs for vacant positions as of the end of a test year?

A. Yes. The Commission decided just three months ago in a Farmers RECC rate proceeding that costs for vacancies filled after the end of a test year should not be included in the revenue requirement.[40] In its Order in that proceeding, the Commission stated that "A vacancy that occurs after the test year should not be excluded and the vacancy filled after the test year should not be included."[41]

Q. What is your recommendation?

A. I recommend that the Commission reduce payroll expense to remove the amounts associated with the five vacant positions as of the end of the test year. I also recommend that the Commission reduce the related payroll overhead expenses attributable to the five employees for all benefits and payroll tax amounts allocated to expense. The Company included total proforma payroll overhead costs expensed of $3,921,729[42] associated with the total proforma payroll costs expensed of $8,962,024.[43] Thus, payroll overhead costs are expensed in the Company's filing at a rate of 43.76% as a percentage of total payroll expenses.

[40] Case No. 2023-00158, *Electronic Application of Farmers Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC October 3, 2023), Order at 10.
[41] *Id.*
[42] Application at Reference Schedule 1.14.
[43] Application at Reference Schedule 1.13.

Q. What is the effect of your recommendation?

A. The effect is a $437,230 reduction in the base revenue requirement and requested base rate increase after the gross-up for Commission assessment fees. This is made up of a $303,684 reduction in payroll expenses, a $132,890 reduction in related payroll overhead expenses, and a $656 reduction in Commission assessment fees.

Q. Do you recommend an alternative adjustment to the amount of payroll expenses should the Commission authorize costs associated with the five vacancies as of the end of the test year?

A. Yes. If the Commission does authorize costs to be included associated with these five vacancies, I recommend that the costs included be based on the known and measurable pay rates for those additional positions added instead of the Company-wide average pay rates as of the end of the test year. The effect of this alternative recommendation is a $116,688 reduction in the base revenue requirement and requested base rate increase, which is made up of a $108,233 reduction in payroll expenses, an $8,280 reduction in related payroll tax expenses, and a $175 reduction in Commission assessment fees.

D. <u>Remove Credit Card Processing Fees</u>

Q. Describe the amount of credit card processing fees included in the Company's requested base revenue requirement.

A. The Company recorded $308,551 in credit card convenience fees in account 903.000

and included that amount in the base revenue requirement.[44] Kenergy stated in discovery that it does not require a convenience fee for credit card customer payments, but that it limits such transactions to no more than $2,000.[45]

Q. Do all customers have equal access to credit cards?

A. No. In its May 2023 update regarding the economic status of United States households, the Federal Reserve stated that while the vast majority of households making over $50,000 per year have access to credit cards, it was less common for households making less than that amount to have a credit card.[46]

Q. How can customers utilize credit cards to their advantage?

A. Many customers participate in loyalty programs that earn rewards points when utilizing their credit cards. These reward points can be redeemed for such things as cash, travel, or purchase cost discounts. Others use credit cards as a form of short-term financing, allowing customers to delay ultimate payments for things like food, clothing, and utility bill payments.

Q. Should the costs of credit card transactions be borne by those who receive the benefits of using them?

A. Yes. As noted above, there are distinct advantages for the customer that has the ability to utilize a credit card. The costs of utilizing credit cards for bill payment

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[44] Kenergy's Response to AG 1-66. I have attached a copy of that response as my Exhibit___(RAF-11).

[45] Kenergy's Response to AG 1-68. I have attached a copy of that response as my Exhibit___(RAF-12).

[46] The Fed - Report on the Economic Well-Being of U.S. Households in 2022 - May 2023 (federalreserve.gov)

should be borne by those that receive the benefits from their use. Those costs should not be socialized to all customers, whether they receive the benefits of using credit cards or not.

Q. What other forms of customer payment does Kenergy accept from its customers?

A. Kenergy stated in discovery that it also accepts payments with no fees charged in the form of cash, checks, bank drafts, and through its Prepay Service Rider tariff.[47] The Company presently incurs customer payment processing expenses for these other forms of payments and socializes the expense recovery through base rates. However, the transaction costs related to these other forms of payment are much less than they are for credit cards.[48] Kenergy estimates that it pays an average convenience fee charge of $1.33 per credit card transaction, $0.20 per bank draft transaction, and $0.00 for payments via cash or check.[49] Kenergy stated in discovery that it processed 19,792 credit card transactions during September 2023.[50] This represents approximately one-third of Kenergy's approximate 59,000[51] members. Thus, all of Kenergy's customers are being held responsible through base rates for the higher priced credit card transaction fees applicable to only one-third of its customers.

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[47] Kenergy's Response to AG 1-67. I have attached a copy of that response as my Exhibit___(RAF-13).

[48] Kenergy's Response to AG 2-6. I have attached a copy of that response as my Exhibit___(RAF-14).

[49] *Id.*

[50] *Id.*

[51] Application at 1.

Q. Has the Commission denied the recovery of credit card processing fee expenses in the revenue requirement in the past?

A. Yes. The Commission denied socialized recovery of such expenses in a 2019 Duke Energy Kentucky, Inc. base rate case.[52] The utility in that proceeding reported that credit card transaction fees were $1.50 per transaction and that the average expense to process other forms of payment was less than $0.15 per transaction.[53] The Commission found that "asking all customers to share the cost for payment methods that are at least ten times more expensive than the alternatives is unreasonable."[54]

Q. Has the Commission recently affirmed the recovery of credit card processing fee expenses in base rates?

A. Yes. The Commission affirmed the socialized recovery of such expenses in a recent Farmers RECC case Order by stating that "The Commission finds that card processing fees should not be removed from base rates because there are costs to all payment processing methods and passing through the costs for one specific payment could have unintended consequences on late and returned payments."[55] There was no definition of the cost per transaction differences in that Order similar to the Duke Energy Kentucky, Inc. Order mentioned above. Regardless, all customers should not be made to subsidize the costs of transactions applicable to only a smaller subset of

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[52] Case No. 2019-00271, *Electronic Application of Duke Energy Kentucky, Inc. for 1)An Adjustment of the Electric Rates; 2)Approval of New Tariffs;3)Approval of Accounting Practices to Establish Regulatory Assets; and 4)All Other Required Approvals and Relief* (Ky. PSC April 27, 2020), Order at 19-21.

[53] *Id*.

[54] *Id*.

[55] Case No. 2023-00158, *Electronic Application of Farmers Rural Electric Cooperative Corporation for a General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC October 3, 2023), Order at 12.

customers.

Q. Can you describe the Company's concerns regarding charging convenience fees to credit card customers when the transactions are processed through the various issuance companies?

A. Yes. Kenergy raised the concern in response to discovery that certain credit card charges would increase if convenience fees began to be charged at the time of payment transactions.[56] The Company's response indicated that VISA currently charges it a "utility flat rate" per transaction that is considerably cheaper than the "full VISA retail percentage rate" that would be charged per transaction if Kenergy were to begin charging convenience fees.[57] The Company estimated that the additional VISA charges could be as much as $171,000 annually if this change in the transaction rate were to be implemented.[58]

Q. What is your recommendation?

A. I recommend that the Commission remove the credit card processing fees as an expense in the revenue requirement. All customers should not be charged for the much higher expense incurred to benefit a subset of customers that are relieved from paying the transaction-specific fees. I do not recommend the implementation of convenience fees charged at the time of each transaction due to the potential increased VISA transaction costs of doing so as described by the Company. Instead,

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[56] Kenergy's response to AG 2-6. See Exhibit___(RAF-14).
[57] *Id.*
[58] *Id.*

I recommend that the Company track all such payment transactions in order to charge those specific customers in arrears a predetermined fee on their next bill.

Q. What is the effect of your recommendation?

A. The effect is a $308,551 reduction in credit card processing expense and a $309,014 reduction in the base revenue requirement and requested base rate increase after the gross-up for Commission assessment fees.

Q. Does this complete your testimony?

A. Yes.

AFFIDAVIT

STATE OF GEORGIA)

COUNTY OF FULTON)

RANDY A. FUTRAL, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.

Randy A. Futral

Sworn to and subscribed before me on this 3rd day of January 2024.

Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF	**)**	
KENERGY CORP. FOR A GENERAL	**)**	**CASE NO. 2023-00276**
ADJUSTMENT OF RATES	**)**	

EXHIBITS

OF

RANDY A. FUTRAL

ON BEHALF OF THE

KENTUCKY OFFICE OF THE ATTORNEY GENERAL

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

JANUARY 2024

EXHIBIT___(RAF-1)

RESUME OF RANDY A. FUTRAL – DIRECTOR OF CONSULTING

EDUCATION

Mississippi State University, BBS in Business Administration
Accounting

EXPERIENCE

J. Kennedy and Associates, Inc. **2003 - Present**
Director of Consulting

Responsible for utility revenue requirements analysis, affiliate transaction auditing and analysis, fuel adjustment clause auditing and research involving tax and public reporting matters. Clients served include the Georgia Public Service Commission Staff, the Louisiana Public Service Commission ("LPSC") and its Staff, the Florida Office of Public Counsel ("OPC"), the Office of the Attorney General of the Commonwealth of Kentucky ("KY AG"), the South Carolina Office of Regulatory Staff ("ORS"), the Houston Council for Health and Education, the Gulf Coast Coalition of Cities, the Alliance for Valley Healthcare, the Ohio Energy Group, Inc. ("OEG"), the Kentucky Industrial Utility Customers ("KIUC"), the Municipalities of Alda, Grand Island, Kearney and North Platte, Nebraska, the City of Clinton, and the Wisconsin Industrial Energy Group, Inc.

Direct and Responsive Testimonies filed on behalf of Louisiana Public Service Commission or its Staff:
LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, October 2004.
LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, March 2006.
LPSC Docket No. U-25116 Entergy Louisiana, Inc., 2002-2004 Audit of Fuel Adjustment Clause, April 2006.
LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, July 2006.
LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, August 2006.
FERC Docket No. ER07-682 Entergy Services, Inc., Company's Section 205 Changes to Rough Production Cost Equalization Computation, November 2007.
FERC Docket No. ER07-956 Entergy Services, Inc., Company's 2007 Filing to be in Compliance with FERC Opinions' 480and 480-A, March 2008.

FERC Docket No. ER08-51 Entergy Services, Inc., LPSC Section 206 Filing Related to Spindletop Regulatory Asset in Rough Production Cost Equalization Computation, November 2008.
FERC Docket No. ER08-1056 Entergy Services, Inc., Company's 2008 Filing to be in Compliance with FERC Opinions' 480and 480-A, January 2009.
LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, September 2009.
LPSC Docket No. U-30893 Dixie Electric Membership Corporation, Company's Application to Implement a Formula Rate Plan, September 2009.
FERC Docket No. EL09-61 (Phase I) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, April 2010.
LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, May 2010.
FERC Docket No. EL10-55 Entergy Services, Inc.
LPSC Complaint Regarding Depreciation Rates, September 2010.
LPSC Docket No. U-23327, Subdocket E Southwestern Electric Power Company, 2003-2004 Fuel Audit, September 2010.
LPSC Docket No. U-23327, Subdocket F Southwestern Electric Power Company, 2009 Test Year Formula Rate Plan Filing, October 2010.
LPSC Docket No. U-23327, Subdocket C Southwestern Electric Power Company, 2007 Test Year Formula Rate Plan Filing, February 2011.
LPSC Docket No. U-23327, Subdocket D Southwestern Electric Power Company, 2008 Test Year Formula Rate Plan Filing, February 2011.
FERC Docket No. ER10-2001 Entergy Arkansas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, March 2011.
FERC Docket No. ER11-2161 Entergy Texas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, July 2011.
LPSC Docket No. U-31835 South Louisiana Electric Cooperative Association, Company's Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, August 2011.
FERC Docket No. ER12-1384 Entergy Services, Inc., Company's Section 205 Fling Related to Little Gypsy 3 Cancellation Costs, September 2012.
LPSC Docket No. U-32315 Claiborne Electric Cooperative, Inc.'s Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, September 2012.
FERC Docket No. ER10-1350 Entergy Services, Inc., Company's 2010 Filing to be in Compliance with FERC Opinions' 480 and 480-A, January 2014.
FERC Docket No. EL-01-88-015 Entergy Services, Inc., Company's 2005 Remand Filing to be in Compliance with FERC Opinions' 480 and 480-A, March 2016.
LPSC Docket No. U-33984 Claiborne Electric Cooperative, Inc., Formula Rate Plan Extension, October 2016.
FERC Docket No. EL09-61(Phase III) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, November 2016.
LPSC Docket No. U-33323 Entergy Louisiana LLC, 2010-2013 Fuel Audit, July 2019.

LPSC Docket No. U-33324 Entergy Gulf States Louisiana LLC, 2010-2013 Fuel Audit, July 2019.
LPSC Docket No. U-35441 Southwestern Electric Power Company, Rate Case, July 2021 Direct, October 2021 Surrebuttal.

Direct Testimony filed on behalf of the Florida OPC:
FPSC Docket Nos. 20200241-EI, 202100178-EI, and 202100179-EI Florida Power and Light Company and Gulf Power Company, Storm Cost Audit, May 2022.

Direct Testimony filed on behalf of the KY AG:
KPSC Case No. 2022-00372 Duke Energy Kentucky, Inc. (Electric Division), Rate Case, March 2023.

Direct Testimony filed on behalf of the KY AG and the City of Clinton:
KPSC Case No. 2022-00147 Water Service Corporation of Kentucky, Rate Case, October 2022.

Direct Testimony filed on behalf of the KY AG and KIUC:
KPSC Case No. 2022-00263 Kentucky Power Company, Fuel Adjustment Clause – Six-Month Review, December 2022.
KPSC Case No. 2023-00318 Kentucky Power Company, Tariff PPA Modification, November 2023.
KPSC Case No. 2023-00008 Kentucky Power Company, Fuel Adjustment Clause – Two-Year Review, December 2023.

Direct Testimony filed on behalf of the South Carolina ORS:
SCPSC Docket No. 2022-256-E Duke Energy Progress, LLC, Cost Recovery for 8 Named Storms Since 2014, January 2023.

Direct Testimony filed on behalf of the OEG in Ohio:
PUCO Case No. 23-301-EL-SSO FirstEnergy Utilities, Standard Service Offer in the Form of an Electric Security Plan, October 2023.

Telscape International, Inc.	**1997 - 2003**
Corporate Controller	**1999 - 2003**
Assistant Controller	**1997 - 1999**

Complete responsibility and accountability for the accounting and financial functions of a $160 million newly public company providing telecommunication and high-end internet access services. Telscape served as a telephony carrier of services domestically and to

Latin and Central America targeting other service carriers as well as individuals. Reported directly to CFO and managed a staff of eleven.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets, payroll, treasury, tax, internal and external reporting.

- Worked with attorneys and auditors on mergers and acquisitions including due diligence, audits, tax and integrating the accounting functions of eleven acquisitions.

- Grew the accounting department from four to eleven employees while developing and implementing company policies and procedures.

- Instituted capital investment policy and accounts payable management for twenty-one separate entities and twenty-four bank accounts to facilitate effective use of cash flow.

- Created capital and operating budgeting and variance analysis package for five separate business lines.

- Developed the consolidations and inter-company billings process across all entities including six in Latin and Central America.

- Worked with CFO to develop financial models and business plans in raising over $240 million over a three-year period through private preferred placements, debenture offerings and asset based credit facilities.

- Responsible for relationship management with external auditors, attorneys, and the banking community while reviewing and approving all SEC filings, including quarterly and annual reports, proxies and informational filings.

- Developed line cost accounting for revenues and carrier invoices saving thousands monthly and providing the justification for invoice reductions.

Comcast Communications, Inc.	**1988 - 1997**
Regional Controller	**1993 - 1997**
Regional Assistant Controller	**1991 - 1992**
Regional Senior Financial Analyst	**1988 - 1991**

Complete responsibility and accountability for the accounting functions of a $2.1 billion regional division of the world's third largest cable television provider serving approximately 490,000 subscribers. Reported to the Regional VP of Finance and managed a staff of twelve.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets and internal reporting.

- Controlled extensive budgeting, forecasting, and variance reporting for eighteen separate entities covering eight states, training employees and management throughout the region.

- Performed due diligence related to the acquisition of seven cable system entities and coordinated the integration of all accounting functions with the corporate office.

- Instituted all FCC informational and rate increase filings throughout the region based on the Cable Act of 1992.

- Responsible for the coordination of all subscriber reporting, sales and property tax filings, franchise fee and copyright filings.

- Grew the accounting department from seven to thirteen before its move to Atlanta, restaffing ninety percent of the department after the move.

- Directed all efforts throughout the region to implement Oracle as the new financial package and a new Access database for the budgeting and forecasting processes.

Storer Cable Communications, Inc **1987 - 1988**
Senior Accountant for Operations

Responsibility for the accounting, budgeting, and forecasting activities of this 82,000 subscriber area for this cable television concern that was acquired by Comcast listed above. Reported to the Area VP and General Manager and managed three employees.

- Implemented new Lotus based model for budgeting and forecasting, training all management on its use.

- Transitioned financial statement preparation from the regional office level to this area office.

- Managed the day to day processes required to produce timely and accurate financial statements for six separate entities including general ledger, AP, AR, fixed assets, subscriber reporting and other internal reporting.

- Developed and maintained tracking mechanism to track progress of cable plant rebuild and the associated competitor overbuild in the area's largest cable system.

Tracey-Luckey Pecan & Storage, Inc. **1986 - 1987**
Senior Accountant

Responsibility for the accounting, budgeting, and office management for a divisional office of this pecan production, processing, and storage entity annually grossing approximately $22 million. Financial statements were produced for three entities. Reported directly to the president of the division and managed three employees.

Tarpley & Underwood, CPA's **1984 - 1986**
Staff Accountant

Responsibility for the completion of monthly and quarterly client write-up for twenty-three small businesses for this regional CPA firm that is now one of the top twenty-five firms in Atlanta. Performed all payroll tax, sales tax, property tax, and income tax filings for these and other clients as well as approximately eighty individual returns per year. Reported directly to both partners with dotted line responsibility to all managers.

EXHIBIT___(RAF-2)

Item 25) Refer to the trial balance listing of accounts provided in the response to Staff 1-1 and further to the amount listed for the following years applicable to account 593.300, Maintenance of Overhead Lines-ROW.

2020	$3,707,524.91
2021	$4,932,459.07
2022	$6,214,817.90
Test Year	$6,276,649.54

a. Provide the right-of-way ("ROW") expenses recorded in account 593.300 for each of the years 2016 through 2019.

b. Provide copies of the general ledger activity for account 593.300 for each month during the test year.

c. Describe the Company's circuit trimming plan in effect for each year 2016 through 2023. If those goals were modified during that timeframe, explain all reasons why.

d. Provide a copy of Kenergy's Vegetation Management Plan.

e. Provide the actual circuit miles trimmed for each year 2016 through 2022 and for each month in 2023 with available information.

f. Provide the average cost per mile for ROW trimming for each year 2016 through 2022 and for each month in 2023 with available information.

g. Provide the projected circuit miles trimmed budgeted for 2023 and 2024.

h. If the average circuit miles being trimmed in 2022 and in the test year are more than in prior years 2016 through 2021, explain in detail all reasons for the increase.

i. Provide the bid pricing received for all circuit miles to be trimmed in both 2022 and 2023 for each one of the Company's potential ROW contractors.

j. Identify the Company's ROW contractors utilized in 2021, 2022, and 2023 to date.

k. Provide a copy of the current contract in place for each ROW contractor currently being utilized by the Company.

l. Provide a copy of each ROW contractor invoice for expenses recorded to account 593.300 during the test year.

m. Refer also to the Direct Testimony of Mr. Lindahl at page 9, wherein he states that the total contractor vegetation management expense in the test year was $5.8 million and that is the amount also budgeted for 2023. Reconcile the $5.8 million in expense in Mr. Lindahl's testimony with the amount of $6.277 million recorded in account 593.300 during the test year.

n. Applicable to expenses in the test year, provide copies of all documents provided to ROW management bidders as part of the request to receive bids for ROW management services and written communication associated with the process.

o. Applicable to expenses in the test year, provide copies of all documents prepared to compare ROW management bidders and recommend winning contractor.

p. Provide copies of Kenergy's Board of Director minutes or presentations to the Board from the beginning of 2021 to the present wherein the large increases in ROW costs have been discussed and/or voted upon.

Responses:

a. See uploaded Excel file "AG1 Item 25 (a,b,m) 593.300 Expenses"

b. See uploaded Excel file "AG1 Item 25 (a,b,m) 593.300 Expenses"

c. Kenergy maintains a cycle that does not exceed six years. We had to modify our trimming cycle beginning in 2019 when a contractor left, stating that they weren't profitable. We had to modify the work being performed for subsequent years to stay within our 6-year trimming cycle range.

d. The file named AG1_Item25d_VM Plan has been uploaded separately into the Commission's electronic filing system.

e. 2016- 1,121.86 miles

2017- 1,095.31 miles

2018- 1,002.38 miles

2019- 781.60 miles, Townsend left

2020- 685.29 miles

2021- 911.67 miles

2022- 1,139.13 miles

2023- 909 miles Budgeted

Month (2023)	Completed
January	29.55
February	51.08
March	53.26
April	87.33
May	46.89
June	51.37
July	138.08
August	81.88
September	80.29
October	108.84

f. This information is being filed under a Petition for Confidentiality

g. 2023- 909 miles

2024- 1,011.38 miles

h. Any decrease/increase in miles happened due to 3 factors, Townsend leaving us unexpectedly and having to adjust our work and find new contractor/s, keeping to our 6-year max cycle schedule, and cost.

i. This information is being filed under a Petition for Confidentiality.

j. 2021- Halter, Asplundh

2022- Halter, Asplundh

2023- Halter, Asplundh

k. This information is being filed under a Petition for Confidentiality.

l. This information is being filed under a Petition for Confidentiality.

m. See uploaded Excel file "AG1 Item 25 (a,b,m) 593.300 Expenses"

n. This information is being filed under a Petition for Confidentiality.

o. This information is being filed under a Petition for Confidentiality.

p. There were no separate resolutions voted on for Vegetation Management contracts during this period.

Witness: Rob Stumph (All except a, b and m)
Travis Siewert – a, b, m.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENERGY CORP.)
FOR AN ADJUSTMENT OF RATES) CASE NO. 2023-00276

NOTICE OF FILING

AS TO ATTORNEY GENERAL'S DATA REQUEST

Petitioner **KENERGY CORP** supplements its data request responses with the following list of documents filed herewith in the public record for which confidential protection is **NO LONGER**[1] sought:

Attorney General Data Request

Attorney General Item No.	
25(f)	Average cost per mile for ROW trimming (filed herewith)
25(i)	Asplundh Bid Proposal 10-14-2021 (submitted as an Exhibit)
	Halter bid documents (submitted as an Exhibit)
	US Applicators Bid documents (submitted as an Exhibit)[2]

[1] This supplement is in light of the Order in Taylor County's rate case, 2023-00147, Order entered 10/20/23.
[2] US Applicators also submitted as part of its bid: a w-9, a certificate of insurance, OSHA documents and voluminous pesticide labeling information sheets. Kenergy will file those documents if requested

25(k) Halter Vegetation Management Contract (submitted as an Exhibit)

Asplundh Vegetation Management Contract (submitted as an Exhibit)

US Applicators Contract & Amendment (submitted as an Exhibit)

25(l) Halter Invoices (8-22-02 to 9-22-02) (submitted as an Exhibit)

Halter Invoices (3-22 to 5-22) (submitted as an Exhibit)

Halter Invoices (6-22 to 7-22) (submitted as an Exhibit)

Asplundh Invoice (submitted as an Exhibit)

Asplundh Invoice (submitted as an Exhibit)

U.S. Applicators Invoices (submitted as an Exhibit)

25(n) RFP 2022 (1 or more contractors) filed herewith

RFP 2022-2024 (1 contractor) filed herewith

DORSEY, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, KY 42420
Telephone (270) 826-3965
Telefax (270) 826-6672
Counsel for Kenergy Corp.

By J. Chris Hopgood ______________________
J. Christopher Hopgood
chopgood@dkgnlaw.com

CERTIFICATE OF SERVICE

I hereby certify that the foregoing electronic filing was transmitted to the Kentucky Public Service Commission for filing on December 13th, 2023; that same was electronically sent to Michael West, ; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding by virtue of the Commission's Order of 2020-00085, no paper copies of this filing will be made.

J. Christopher Hopgood
Counsel for Kenergy Corp.

f. RCM, PPM

2016- $2464.40

2017- $2524.21

2018- $2551.28

2019- $3019.45 (Townsend left)

2020- $4571.97

2021- $4753.48

2022- $4740.58

2023- $5052.16

KENERGY CORP.
PSC CASE NO. 2023-00276
AG REQUEST NO. 1
ITEM 25a

Account 593.300
Maintenance of Overhead Lines-ROW

YEAR	TOTAL
2016	$ 3,325,478.99
2017	$ 3,318,311.33
2018	$ 3,179,915.66
2019	$ 2,836,349.27

GENERAL LEDGER

JOURNAL CODE SUMMARY

Period	Journal	Journal Code	Debit	Credit	Balance
Account: 593.3 MAINTENANCE OF OVERHEAD LINES-ROW				**Beginning Balance:**	0.00
MAR 2022		4 - ACCOUNTS PAYABLE	449,546.00		449,546.00
MAR 2022		6 - PAYROLL LABOR & OVERHEADS	27,293.05		476,839.05
MAR 2022		7 - TRANSPORTATION CLEARING	2,583.74		479,422.79
MAR 2022		8 - DEPRECIATION	3.89		479,426.68
APR 2022		4 - ACCOUNTS PAYABLE	369,826.04		849,252.72
APR 2022		6 - PAYROLL LABOR & OVERHEADS	25,538.25	50.04	874,740.93
APR 2022		7 - TRANSPORTATION CLEARING	2,418.62		877,159.55
APR 2022		8 - DEPRECIATION	3.89		877,163.44
MAY 2022		4 - ACCOUNTS PAYABLE	580,588.02		1,457,751.46
MAY 2022		6 - PAYROLL LABOR & OVERHEADS	28,598.51	0.02	1,486,349.95
MAY 2022		7 - TRANSPORTATION CLEARING	3,319.32		1,489,669.27
MAY 2022		8 - DEPRECIATION	3.89		1,489,673.16
JUN 2022		4 - ACCOUNTS PAYABLE	355,164.02		1,844,837.18
JUN 2022		6 - PAYROLL LABOR & OVERHEADS	29,105.93		1,873,943.11
JUN 2022		7 - TRANSPORTATION CLEARING	2,949.44		1,876,892.55
JUN 2022		8 - DEPRECIATION	0.15		1,876,892.70
JUL 2022		4 - ACCOUNTS PAYABLE	743,437.97		2,620,330.67
JUL 2022		6 - PAYROLL LABOR & OVERHEADS	27,704.36		2,648,035.03
JUL 2022		7 - TRANSPORTATION CLEARING	3,473.53		2,651,508.56
JUL 2022		30 - ACCOUNTS RECEIVABLE		1,848.61	2,649,659.95
AUG 2022		4 - ACCOUNTS PAYABLE	419,302.25		3,068,962.20
AUG 2022		6 - PAYROLL LABOR & OVERHEADS	26,648.45		3,095,610.65
AUG 2022		7 - TRANSPORTATION CLEARING	4,251.28		3,099,861.93
SEP 2022		4 - ACCOUNTS PAYABLE	289,331.94		3,389,193.87
SEP 2022		6 - PAYROLL LABOR & OVERHEADS	36,757.91	7,814.40	3,418,137.38
SEP 2022		7 - TRANSPORTATION CLEARING	3,105.44		3,421,242.82
OCT 2022		4 - ACCOUNTS PAYABLE	280,843.36		3,702,086.18
OCT 2022		6 - PAYROLL LABOR & OVERHEADS	35,299.72	205.19	3,737,180.71
OCT 2022		7 - TRANSPORTATION CLEARING	3,544.01		3,740,724.72
NOV 2022	1436427	3 - GENERAL JOURNAL	1,141.81		3,741,866.53
NOV 2022		4 - ACCOUNTS PAYABLE	857,606.15		4,599,472.68
NOV 2022		6 - PAYROLL LABOR & OVERHEADS	36,485.56	196.15	4,635,762.09
NOV 2022		7 - TRANSPORTATION CLEARING	4,628.12		4,640,390.21
DEC 2022	1437333	3 - GENERAL JOURNAL		1,141.81	4,639,248.40
DEC 2022		4 - ACCOUNTS PAYABLE	856,313.47		5,495,561.87
DEC 2022		6 - PAYROLL LABOR & OVERHEADS	111,626.64	73,154.06	5,534,034.45
DEC 2022	1437791	6 - PAYROLL LABOR & OVERHEADS	783.35		5,534,817.80
DEC 2022	1437792	6 - PAYROLL LABOR & OVERHEADS	230.32		5,535,048.12
DEC 2022	1437793	6 - PAYROLL LABOR & OVERHEADS	153.09		5,535,201.21
DEC 2022	1437797	6 - PAYROLL LABOR & OVERHEADS	163.65		5,535,364.86
DEC 2022	1437798	6 - PAYROLL LABOR & OVERHEADS	39.89		5,535,404.75
DEC 2022	1437799	6 - PAYROLL LABOR & OVERHEADS	175.23		5,535,579.98
DEC 2022	1437976	6 - PAYROLL LABOR & OVERHEADS	315.80		5,535,895.78
DEC 2022	1437977	6 - PAYROLL LABOR & OVERHEADS	662.43		5,536,558.21
DEC 2022	1438198	6 - PAYROLL LABOR & OVERHEADS	1,341.38		5,537,899.59
DEC 2022	1438491	6 - PAYROLL LABOR & OVERHEADS	597.28		5,538,496.87
DEC 2022	1438569	6 - PAYROLL LABOR & OVERHEADS	832.10		5,539,328.97
DEC 2022	1438570	6 - PAYROLL LABOR & OVERHEADS	61.95		5,539,390.92
DEC 2022	1437796	6 - PAYROLL LABOR & OVERHEADS		149.99	5,539,240.93
DEC 2022	1438152	6 - PAYROLL LABOR & OVERHEADS		315.80	5,538,925.13
DEC 2022		7 - TRANSPORTATION CLEARING	3,904.17		5,542,829.30
JAN 2023		4 - ACCOUNTS PAYABLE	298,212.14		5,841,041.44
JAN 2023		6 - PAYROLL LABOR & OVERHEADS	43,820.97		5,884,862.41
JAN 2023	1439734	6 - PAYROLL LABOR & OVERHEADS		783.35	5,884,079.06
JAN 2023	1439735	6 - PAYROLL LABOR & OVERHEADS		230.32	5,883,848.74
JAN 2023	1439736	6 - PAYROLL LABOR & OVERHEADS		153.09	5,883,695.65
JAN 2023	1439806	6 - PAYROLL LABOR & OVERHEADS		894.05	5,882,801.60
JAN 2023		7 - TRANSPORTATION CLEARING	5,173.76		5,887,975.36
JAN 2023		37 - WORK ORDER-DIRECT CHARGE AND TRANSFER	45,223.99		5,933,199.35
FEB 2023		4 - ACCOUNTS PAYABLE	282,711.18		6,215,910.53
FEB 2023		6 - PAYROLL LABOR & OVERHEADS	27,153.73		6,243,064.26
FEB 2023	1442132	6 - PAYROLL LABOR & OVERHEADS	1,474.60		6,244,538.86
FEB 2023	1442133	6 - PAYROLL LABOR & OVERHEADS	90.14		6,244,629.00
FEB 2023	1442134	6 - PAYROLL LABOR & OVERHEADS	83.93		6,244,712.93
FEB 2023	1442135	6 - PAYROLL LABOR & OVERHEADS	2,175.99		6,246,888.92
FEB 2023	1442137	6 - PAYROLL LABOR & OVERHEADS	76.11		6,246,965.03
FEB 2023		7 - TRANSPORTATION CLEARING	5,082.60		6,252,047.63
FEB 2023		37 - WORK ORDER-DIRECT CHARGE AND TRANSFER	24,601.91		6,276,649.54

PARAMETERS ENTERED:

Period: MAR 2022 To FEB 2023

Account: 0 593.3

KENERGY CORP.
PSC CASE NO. 2023-00276
AG REQUEST NO. 1
ITEM 25m

ACCOUNT 593.300
$5.8 million vs $6.277 million

DESCRIPTION	AMOUNT
428 - VEG MNGT-ROUTINE MNT	5,389,319.54
431 - VEG MNGT-SPRAYING	127,268.64
434 - VEG MNGT-JOB ORDERS	317,894.04
	5,834,482.22
101 - MILEAGE & TRAVEL	88.02
102 - MEALS & MEETING EXP	186.35
104 - SEMINARS & TRAINING	1,171.06
146 - VEHICLE ALLOWANCE	51.52
250 - DEPR EXP - GEN PLNT	11.82
408 - CREW MEALS	26.20
419 - MATL CHG - MAINT	4,546.98
432 - VEG MNGT-TRD A TREE	850.00
433 - VEG MNGT-CUST ED	300.00
435 - VEG MNGT-ISA MEMBSHP	215.00
457 - VEG MNGT - STORMS	10,842.61
740 - EMPLOYEE INCENTIVE	1,470.10
774 - CHRISTMAS PARTY EXP/BONUS	545.87
TRANSPORTATION	44,434.03
LABOR & OVERHEADS	377,427.76
TOTAL OTHER	442,167.32
TOTAL 593.300	6,276,649.54

VEGETATION MANAGEMENT

MASTER AGREEMENT

This **AGREEMENT** is made and entered into as of the 7th day of September, 2022, by and between **KENERGY CORP.**, Post Office Box 18, Henderson, Kentucky 42419, hereinafter "KENERGY" and **ASPLUNDH TREE EXPERT, LLC**, 200 Two Oaks Drive, Nicholasville, KY 40356, hereinafter "ASPLUNDH;"

WITNESSETH:

WHEREAS, KENERGY selected ASPLUNDH to perform vegetation management control activities on KENERGY's electric distribution system as an independent contractor and the parties desire to enter into a written agreement regarding this matter;

NOW, therefore, for valuable consideration, including the mutual promises and covenants of the parties, **IT IS AGREED** as follows:

ARTICLE I – GENERAL

1. ASPLUNDH shall furnish all supervision, labor, tools, transportation, machinery, equipment and materials and other means required to perform vegetation management control activities on KENERGY's electric distribution system in strict accordance with KENERGY's specifications.

2. ASPLUNDH warrants that it has made careful examination of the project including the specifications and terms and conditions and has become informed as to the location and nature of the proposed work, the transportation facilities, the kind and character of soil and terrain to be encountered and the kind of facilities required for undertaking and completing the scope of work and has become acquainted with the labor conditions, state and local laws and regulations which affect the proposed work.

3. ASPLUNDH warrants that it possesses all licenses required to perform vegetation management control activities on KENERGY's electric distribution system.

4. ASPLUNDH shall perform all work in compliance with all applicable Federal, State, and local laws, rules and regulations applicable to its performance under this AGREEMENT.

5. ASPLUNDH shall perform all work as an independent contractor, not as a subcontractor, agent, or employee of KENERGY, and shall employ capable, experienced, reliable and skilled workmen as may be required to complete the scope of work outlined in this AGREEMENT.

6. ASPLUNDH warrants that it possesses adequate financial resources for the performance of the work covered by this AGREEMENT.

ARTICLE II – PERFORMANCE

1. Schedule

ASPLUNDH will initiate personnel and equipment mobilization on the KENERGY system no later September 26th, 2022.

Unless agreed to in writing by both parties, the entire scope of work assigned to ASPLUNDH in any year must pass final KENERGY quality control no later than the last calendar day of the year in which the work is assigned.

2. Scope of Work

The scope of work includes performing the following vegetation management control activities on KENERGY'S electric distribution facilities.

Labor, Material & Equipment

Vegetation management control activities performed on designated circuits, including all primary, secondary, neutral, service line conductors and associated overhead electricalfacilities for Kenergy fiber construction project. Work should also include clearing of rights-of-way floor.

Table 1

2022-2023 Phase 1 Circuits	
Substation	**Circuit**
031-Guffie	4- Cleopatra
031- Guffie	1- Glenville
024- Utica	1- Browns Valley
024- Utica	2- Red Hill
024- Utica	3- Locust Grove Rd
024- Utica	4- Utica
024- Utica	5- Old Barmet
026- Pleasant Ridge	2- Maple Leaf Lake
026- Pleasant Ridge	3- Popular Log Brg
026- Pleasant Ridge	4- Hwy 140 West
015- Whitesville	1- Hwy 54 West
015- Whitesville	2- Whitesville
015- Whitesville	3- Ralph
015- Whitesville	4- Stevens Sch. Rd
014-Weberstown	1- S Hancock Elem.
014-Weberstown	3- Pellville
023- Masonville	1- Velvet Farm
023- Masonville	2- Stoney Bk Subd.
023- Masonville	3- Masonville

032- St. Joe	1- Curdsville
032- St. Joe	2- West Louisville
032- St. Joe	3- Possum Trot Rd
032- St. Joe	4- Jennings RD
022-West Owensboro	1- Meadowlark Dr
022-West Owensboro	2- O'boro Airport
022-West Owensboro	3- Hwy 81 South
022-West Owensboro	4- Lydanne Brg. Rd
022-West Owensboro	5- Hwy 56/ Sorgho
027- Bon Harbor	1- Post Office
027- Bon Harbor	2- Ben Hawes Park
027- Bon Harbor	3- Worthington Rd
027- Bon Harbor	4- 5th Street Rd
027- Bon Harbor	5- Lee Rudy/Hwy 60
021- Stanley	1- Newman
021- Stanley	2- Hwy 60 East
021- Stanley	3- Birk City
025- Philpot	1- Pleasant Valley
025- Philpot	3- Old State Rd
025- Philpot	4- Premium Allied
025- Philpot	5- Karnes Grove Rd
025- Philpot	7- Cedar Hills
071- Morganfield	1- Waverly
071- Morganfield	2- Boxville
071- Morganfield	3- Caseyville
071- Morganfield	4- Spring Grove
063- Geneva	1- Alzey
063- Geneva	2- Airport/Office
063- Geneva	3- Smith Mills
083- Riverport	2- Unison
083- Riverport	3- Shamrock

As work progresses throughout the year, KENERGY may determine it is appropriate to add additional circuits to this list to be performed. Added circuits and pricing will be documented with an addendum to this Agreement.

Specifications for Work

ASPLUNDH is responsible to obtain the following tree and conductor clearances:

- Primary: All multi-phase conductors:
  - 6 feet under neutral clearance
  - 2 feet under bottom communication
- Primary: All single-phase conductors:
  - 6 feet under neutral clearance
  - 2 feet under bottom communication
- Secondary: All open wire conductors:
  - 6 feet under neutral clearance
  - 2 feet under bottom communication

Ground clearing: 10 feet under lines.

Service Orders

Vegetation management control activities performed on a specific portion of a circuit identified by KENERGY through a KENERGY generated Service Order.

Service Orders Specifications

ASPLUNDH shall us the following specifications when clearing vegetation for proposed line extensions:

ASPLUNDH is responsible to obtain the following tree and conductor clearances:

- Primary: All multi-phase conductors:
  - 6 feet under neutral clearance
  - 2 feet under bottom communication
- Primary: All single-phase conductors:
  - 6 feet under neutral clearance
  - 2 feet under bottom communication
- Secondary: All open wire conductors:
  - 6 feet under neutral clearance
  - 2 feet under bottom communication

Ground clearing: 10 feet under lines.

3. Performance Standards

ASPLUNDH shall conduct all work under this AGREEMENT in accordance with the following performance standards.

a. All trees and brush removed shall be cut at ground level and treated with herbicide, leaving no stumps above ground.

b. Any and all debris, underbrush, logs and other useless materials shall be removed by ASPLUNDH as rapidly as practical as the work progresses.

c. Directional pruning techniques are used on KENERGY'S system, where appropriate. Pruning activities are based on accepted arboricultural standards, including ANSI A300 – Tree, Shrub, and Other Woody Plant Maintenance – Standard Practices (Pruning), International Society of Arboriculture Best Management Practices, Utility Pruning of Trees – Special Companion Publication to the ANSI A300 Standard and Pruning Trees Near Electric Utility Lines, A Field Pocket Guide For Qualified Line-Clearance Tree Workers by Dr. Alex Shigo. All tree pruning shall be done so as to obtain clearance with due regard to current and future tree health and in conformity with permissions obtained.

d. All stumps shall be chemically treated for maximum control of regrowth.

e. ASPLUNDH is to leave all gates and fences as found.

f. ASPLUNDH agrees that its personnel and equipment shall at all times present a neat appearance.

g. All work shall be done in a professional manner giving the utmost respect to KENERGY'S members, the general public and others with whom ASPLUNDH may come into contact during completion of this project.

h. ASPLUNDH agrees that complaints of any nature shall receive immediate attention and that all reasonable efforts shall be made for a prompt resolution of such complaints. This shall be communicated to the property owner and KENERGY start to finish.

4. Unsatisfactory Work Progress

KENERGY shall have the right to require ASPLUNDH to increase the number of employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to KENERGY; but the failure of the KENERGY to give any such directions shall not relieve ASPLUNDH of his obligations to complete the work within the time and in the manner specified in this agreement.

i. KENERGY requires that ASPLUNDH utilize these standards, where appropriate.

ARTICLE III – PAYMENT AND REPORTING

1. <u>Payment</u>

KENERGY and ASPLUNDH agree to the following payment:

<u>Labor, Material, & Equipment</u>

ASPLUNDH agrees to perform clearing on those circuits identified in Table 1, above. For this work, KENERGY agrees to pay ASPLUNDH an amount equal that identified in Schedule "A" below.

Schedule "A"

2022-2023		
Labor		
Type	**Asplundh**	**Asplundh OT**
Foreman	$ 42.36	$ 61.00
Trimmer	$ 36.48	$ 52.53
Operator	$ 39.41	$ 56.75
Groundman	$ 31.33	$ 45.12

* CPI or 3% increase on one year anniversary date of contract

2022-2023 Equipment	
55' Bucket	$ 18.47
Chipper	$ 6.84
4x4 pickup	$ 13.47
Saws	$ 0.75
Tractor/ Mower	$ 30.56

<u>Service Orders</u>

ASPLUNDH agrees to perform vegetation management control activities on specific portions of circuits identified by KENERGY through a KENERGY generated Service Order and KENERGY agrees to pay ASPLUNDH for that work based on time and equipment (T&E) incurred to complete that work. The labor and equipment rates to be paid during 2022-2023 for this work are contained in Schedule "A".

2. Invoicing

ASPLUNDH will invoice KENERGY monthly, for all work completed during the previous month. Invoices shall include those costs incurred for fiber construction project, and costs associated with Service Orders. Payment will be due thirty (30) days following receipt of the invoice.

3. Third Party Invoicing

Should ASPLUNDH engage a third party to perform under this contract, then ASPLUNDH has the sole responsibility for payment to the third party and ASPLUNDH shall obtain and submit to KENERGY all performance reporting from such third party.

4. Reporting

ASPLUNDH shall provide to KENERGY the following reports:

a. Weekly timesheets shall be submitted for all work performed under this AGREEMENT.

b. Safety Reports

   i. A monthly OSHA recordable report outlining the monthly rate and the cumulative annual rate.

   ii. ASPLUNDH shall immediately notify KENERGY of any safety incidents, property damage or near misses and provide a written follow-up report within 72 hours of the occurrence detailing the event, the root cause of the event and the steps ASPLUNDH will take in the future to prevent a reoccurrence.

c. Crew Locations – Every Monday by 9:00 am CST or EDT where applicable, ASPLUNDH will e-mail to KENERGY the location of all personnel performing work on KENERGY'S system. Updated notification is required when crew schedule or location changes. ASPLUNDH will also be responsible to notify KENERGY daily of the location of personnel performing work on Service Orders or Work Orders. This correspondence shall also identify any non-functional equipment and the date equipment is expected to return to service.

5. Taxes

The prices included in this Agreement include any sums which are or may be payable by ASPLUNDH on account of taxes imposed by any taxing authority related to services provided by ASPLUNDH under the terms of this AGREEMENT.

ARTICLE IV – MISCELLANEOUS

1. Safety

ASPLUNDH shall at all times take all reasonable precautions for the safety of its employees and of the public and shall comply with all applicable provisions of Federal, state and local safety laws, regulations and codes.

The following provisions shall not limit the generality of the above requirements:

a. ASPLUNDH shall conduct work in such a manner so as to cause the least possible obstruction of public highways.

b. ASPLUNDH shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances and regulations or by local conditions.

c. ASPLUNDH shall do all things necessary or expedient to properly protect any and all property whether owned by KENERGY or others from damage. In the event that any such property is damaged in the course of work ASPLUNDH shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.

d. Where the right-of-way traverses cultivated lands, ASPLUNDH shall limit the movement of crews and equipment so as to cause as little damage as possible to crops, orchards or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during work on the project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. ASPLUNDH shall not be responsible for loss of or damage to crops, orchards or property (other than livestock) on the right-of- way necessarily incident to work on the project and not caused by negligence or inefficient operation of ASPLUNDH.

e. This vegetation management work from the commencement to completion shall be under the charge and control of Asplundh and during such period of control by Asplundh, Asplundh shall make good and repair all injury and damage to KENERGY property caused by Asplundh's negligence.

2. Employee Safety

IT IS UNDERSTOOD BY AND BETWEEN THE PARTIES THAT THE ELECTRIC CIRCUITS OF KENERGY ARE TO CONTINUE IN NORMAL OPERATION DURING WORK PERFORMED UNDER THIS AGREEMENT. ASPLUNDH is to provide personnel qualified to work around energized lines and all work shall be performed to meet all applicable OSHA Safety Rules and Regulations, specifically OSHA 1910.269 and ANSI Z133 standards. ASPLUNDH is to provide and use such protective equipment as OSHA deems necessary for the protection of its employees, KENERGY'S employees and the general public and to guard against interfering with the normal operation of said circuits. Any circuits that are damaged, need repair or de-energized shall be done by KENERGY. ASPLUNDH may be invoiced for system damages caused by its performance under this AGREEMENT.

3. Safety Violations

Repeated and/or uncorrected safety violations, practices or working conditions by ASPLUNDH may be cause for KENERGY to suspend or terminate this AGREEMENT

4. Removal of ASPLUNDH Employee

KENERGY reserves the right to require the removal from the project of any employee of ASPLUNDH if in the judgment of KENERGY such removal shall be necessary in order to protect the interest of KENERGY.

5. Resource Availability and Response Time

All ASPLUNDH personnel who normally work on KENERGY'S system shall be available 24/7 during the contract term for any emergency restoration work that may emerge on the KENERGY system. ASPLUNDH cannot at any time remove these personnel and/or equipment resources without prior approval from KENERGY. Crew(s) will be required to report to the designated KENERGY work location within 2 hours of notification.

6. Violating Provisions of this AGREEMENT

Upon violation by ASPLUNDH of any of the provisions of this AGREEMENT, after written notice of such violation given to ASPLUNDH by KENERGY, ASPLUNDH shall immediately correct such violation. Upon failure of ASPLUNDH to do so, KENERGY may correct such violation at ASPLUNDH's expense. Provided, however, in the event of an emergency where notice is not practical, KENERGY may, if it deems it necessary or advisable, correct such violation at ASPLUNDH's expense without such prior notice to ASPLUNDH.

7. Permits

ASPLUNDH agrees to secure all permits and licenses necessary for the work to be performed hereunder and to pay all charges and fees required for such permits and licenses.

8. Inspection of Records

KENERGY shall have the right to inspect all payrolls and other data and records of ASPLUNDH relevant to the work associated with this AGREEMENT. ASPLUNDH will provide all reasonable facilities necessary for such inspection. ASPLUNDH shall have an authorized agent accompany the inspector when final inspection is made and, if requested by KENERGY, when any other inspection is made. KENERGY shall maintain this right for a period of five (5) years following completion of all work under this AGREEMENT.

9. Indemnification

ASPLUNDH shall defend, indemnify, and hold harmless KENERGY and KENERGY's directors, officers, and employees from all claims, causes of action, losses, liabilities, and expenses (including reasonable attorney's fees) for personal loss, injury, or death to persons (including but not limited to ASPLUNDH's employees) and loss, damage to or destruction of KENERGY's property or the property of any other person or entity (including but not limited to ASPLUNDH's property) to the proportionate extent caused by ASPLUNDH's negligent performance of the Agreement, or the materials or equipment supplied or services performed by ASPLUNDH, its subcontractors and suppliers of any tier. But nothing herein shall be construed as making ASPLUNDH liable for any injury, death, loss, damage, or destruction caused by the sole negligence of KENERGY.

To the maximum extent permitted by law, ASPLUNDH shall defend, indemnify, and hold harmless KENERGY and KENERGY's directors, officers, and employees from all liens and claims filed or asserted against KENERGY, its directors, officers, and employees, or KENERGY's property or facilities, for services performed or materials or equipment furnished by ASPLUNDH, its subcontractors and suppliers of any tier, and from all losses, demands, and causes of action arising out of any such lien or claim. ASPLUNDH shall promptly discharge or remove any such lien or claim by bonding, payment, or otherwise and shall notify KENERGY promptly when it has done so. If ASPLUNDH does not cause such lien or claim to be discharged or released by payment, bonding, or otherwise, KENERGY shall have the right (but shall not be obligated) to pay all sums necessary to obtain any such discharge or release and to deduct all amounts so paid from the amount due ASPLUNDH.

ASPLUNDH shall provide to KENERGY's satisfaction evidence of ASPLUNDH's abilityto comply with the indemnification provisions of the paragraphs above, which evidence may include but may not be limited to a bond or liability insurance policy obtained for this purpose through a licensed surety or insurance company.

10. Limitation of Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR LOST PROFITS, LOSS OF DATA, OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, HOWEVER CAUSED, OR ANY THEORY OF LIABILITY AND WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSIBILITY OF SUCH DAMAGES, ARISING UNDER ANY CAUSE OF ACTION AND ARISING OUT OF THIS AGREEMENT OR UNDER ANY STATUTE OR LAW CONNECTED INDEPENDENTLY OF THIS AGREEMENT TO SUCH ACTION. THIS LIMITATION UPON DAMAGES AND CLAIMS IS INTENDED TO APPLY WITHOUT REGARD TO WHETHER OTHER PROVISIONS OF THIS AGREEMENT HAVE BEEN BREACHED OR HAVE PROVEN INEFFECTIVE. THE TOTAL CUMULATIVE LIABILITY IN CONNECTION WITH THIS AGREEMENT, WHETHER IN CONTRACT, TORT, STATUTE OR OTHERWISE SHALL NOT EXCEED THE AGGREGATE AMOUNT OF FEES PAID BY KENERGY TO ASPLUNDH.

11. Insurance

ASPLUNDH shall take out and maintain throughout the period of this AGREEMENT the following types and minimum amounts of insurance:

Workers' Compensation - Workers' compensation and employers' liability insurance, as required by law, covering all its employees who perform any of the obligations of the Contractor(s) under the contract. If any employer or employee is not subject to the workers' compensation laws of Kentucky, the insurance shall be obtained voluntarily to extend to the employer and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

Public Liability Insurance - Covering all operations under the agreement shall have limits for bodily injury or death of not less than $1 million each occurrence, limits for property damage of not less than $1 million each occurrence, and $2 million aggregate for accidents during the policy period. A single limit of $1 million on bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

Automobile Liability Insurance - For all motor vehicles used in connection with the agreement, whether owned, non-owned, or hired, shall have limits for bodily injury or death of not less than $1 million per person and $1 million each occurrence and property damage limits of $1 million for each occurrence. A single limit of $1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

KENERGY shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in the previous paragraphs. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added to the agreement price.

Except for workers' compensation, KENERGY shall be named as Additional Insured on all policies of insurance. The policies of insurance shall be in such form and issued by such insurer as shall be satisfactory to KENERGY. ASPLUNDH shall furnish KENERGY a certificate evidencing compliance with the foregoing requirements which shall provide not less than (30) days prior written notice to KENERGY of any cancellation or material change in the insurance.

12. <u>Assignment of Guarantees</u>

All guarantees of materials and workmanship running in favor of ASPLUNDH shall be transferred and assigned to KENERGY prior to the time ASPLUNDH receives final payment.

13. <u>Completion upon ASPLUNDH's Default</u>

If default shall be made by ASPLUNDH or by any subcontractor in the performance of any of the terms of this AGREEMENT, KENERGY, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon ASPLUNDH and the Surety or Sureties, if any, upon ASPLUNDH's Bond or Bonds a written notice requiring ASPLUNDH to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon ASPLUNDH such default shall be corrected or arrangements for the correction thereof satisfactory to KENERGY shall be made by ASPLUNDH or its Surety or Sureties, if any, KENERGY may take over completion of the project by Contract or otherwise at the expense of ASPLUNDH, and ASPLUNDH and its Surety or Sureties, if any, shall be liable to KENERGY for any cost or expense in excess of the Contract price occasioned thereby. KENERGY in such contingency may exercise any rights, claims or demands which ASPLUNDH may have against third persons in connection with this AGREEMENT and for such purpose ASPLUNDH does hereby assign, transfer and set over unto KENERGY all such rights, claims and demands.

14. <u>Cumulative Remedies</u>

Every right or remedy herein conferred upon or reserved to KENERGY shall be cumulative, shall be in addition to every right and remedy now or hereafter existing at law or in equity or by statute and the pursuit of any right or remedy shall not be construed as an election.

15. Completion of the Project

The term "Completion of the Project" shall mean full performance by ASPLUNDH of their obligations under this AGREEMENT and all amendments and revisions thereof.

16. Materials and Supplies

In the performance of this AGREEMENT there shall be furnished only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States or in any eligible country, and only such manufactured articles, materials, and supplies as have been manufactured in the United States or in any eligible country substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States or in any eligible country; provided that other articles, materials, or supplies may be used in the event such use is pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. For the purposes of this section, an "eligible country" is any country that applies with respect to the United States an agreement ensuring reciprocal access for United States products and services and suppliers to the markets of that country, as determined by the Unites States Trade Representative. ASPLUNDH agrees to submit to the KENERGY such certificates with respect to compliance with the foregoing provision as KENERGY from time to time may require.

17. Compliance with Laws

ASPLUNDH shall comply with all federal, state, and local laws, rules, and regulations applicable to its performance under this AGREEMENT and the completion of the project. ASPLUNDH acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the Anti Kick-Back Act of 1986 (41 U.S.C. 51 et seq), and 18 U.S.C. §§ 286, 287, 641, 661, 874, 1001, and 1366, as amended.

ASPLUNDH represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235), Debarment and Suspension, and 7 CFR part 3017, it has submitted to KENERGY a duly executed certification in the form prescribed in 7 CFR part 3017.

ASPLUNDH represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S.C. 1352), entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions," and any rules and regulations issued pursuant thereto.

18. Equal Opportunity Provisions

a. ASPLUNDH represents that:

It has___, does not have___, 100 or more employees, and if it has, that it has ___ , has not___, furnished the Equal Employment Opportunity-Employers Information Report EEO-1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 of September 24, 1965, and Title VII of the Civil Rights Act of 1964.

ASPLUNDH agrees that it will obtain, prior to the award of any subcontract for more than $10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

ASPLUNDH agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this AGREEMENT will amount to more than $10,000, ASPLUNDH will file such report, as required by law, and notify KENERGY in writing of such filing.

b. Equal Opportunity Clause. During the performance of this AGREEMENT, ASPLUNDH agrees as follows:

(1) ASPLUNDH will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or because of their status as protected veterans. ASPLUNDH will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, national origin or because of their status as protected veterans. Such action shall include, but not be limited to, the following: hiring, upgrading, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of training, including apprenticeship. ASPLUNDH agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.

(2) ASPLUNDH will, in all solicitations or advertisements for employees placed by or on behalf of ASPLUNDH, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) ASPLUNDH will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers'

representative of ASPLUNDH's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) ASPLUNDH will comply with all provisions of Executive Order 11246 of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor.

(5) ASPLUNDH will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of ASPLUNDH's noncompliance with the Equal Opportunity Clause of this AGREEMENT or with any of the said rules, regulations, or orders, this AGREEMENT may be canceled, terminated, or suspended in whole or in part, and ASPLUNDH may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

(7) ASPLUNDH will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. ASPLUNDH will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, that in the event ASPLUNDH becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, ASPLUNDH may request the United States to enter into such litigation to protect the interests of the United States.

c. Certificate of Nonsegregated Facilities. ASPLUNDH certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. ASPLUNDH certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. ASPLUNDH agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this AGREEMENT. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. ASPLUNDH agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

19. Evidence of Payment

On request, ASPLUNDH shall deliver to KENERGY a certificate that all persons who have furnished labor in connection with the Project and subcontractors who have furnished services for the project have been paid in full.

20. Nonassignment of AGREEMENT

ASPLUNDH shall not assign this AGREEMENT or any interest in any funds that may be due or become due hereunder or enter into any contract with any person, firm or corporation for the performance of ASPLUNDH's obligations hereunder or any part thereof, without the approval in writing of KENERGY and of the Surety or Sureties, if any, on any bond furnished by ASPLUNDH for the faithful performance of ASPLUNDH's obligations hereunder. If ASPLUNDH, with the consent of KENERGY and any Surety or Sureties on the ASPLUNDH's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this AGREEMENT, ASPLUNDH shall be as fully responsible to KENERGY for the acts and omissions of such subcontractor and of persons employed by such subcontractor as ASPLUNDH would be for its own acts and omissions and those of persons directly employed by it.

21. Successors and Assigns

This agreement shall inure to the benefit of and be binding upon KENERGY, ASPLUNDH and respective successors and permitted assigns. ASPLUNDH shall not assign any of its rights or duties under this agreement, or subcontract the whole or any part of the work to be performed hereunder, without first having obtained the written consent of KENERGY authorizing such assignment or subcontract. KENERGY reserves the right to enter into a contract with additional companies for performance of the same kind of work done by ASPLUNDH under this AGREEMENT.

22. Entire Agreement

The terms and conditions set forth herein are intended by KENERGY and ASPLUNDH to constitute the complete statement of their AGREEMENT and all prior communications relating to the subject matter of this AGREEMENT, whether oral or written, are hereby superseded. No modification or amendment of this AGREEMENT shall be effective unless the same is in writing and signed by both parties.

23. Severability

If any provision of this AGREEMENT shall be determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder shall not be affected thereby, and each provision hereof shall be valid and shall be enforceable to the fullest extent permitted by law.

24. Confidentiality

All information regarding KENERGY to which ASPLUNDH is privileged shall be considered confidential and ASPLUNDH shall not release or disclose such materials or information to any person or entity without prior written consent from KENERGY.

27. Force Majeure

Except for payment obligations, neither party is liable for failing to fulfill its obligations due to acts of God, extreme weather, unforeseen regulatory actions, civil or military authority, war, riots, strikes, fire, or other causes beyond its reasonable control. To the extend a PARTY is substantially delayed by force majeure from performing its obligations hereunder, such party shall give notice and details of the force majeure to the other party as soon as practical, then the parties may extend the time of performance by written agreement.

28. Suspension by KENERGY for Convenience

KENERGY, may, without cause, suspend or delay delivery of performance of the scope of work in whole or in part for such period of time as KENERGY may determine. No adjustments shall be made to the schedule of services or prices as a result of the suspension.

29. Applicable Law

This agreement shall be construed and enforced subject to the law of the State of Kentucky.

30. Extension of AGREEMENT

This agreement may be extended upon terms and conditions mutually agreed upon by the parties.

31. Attorney's Fees

Both parties acknowledges and agree that in the event of a breach or threatened breach of any of the provisions of this AGREEMENT, the non-prevailing party agrees to pay to the prevailing party all reasonable costs, expenses and attorneys' fees incurred in seeking and obtaining injunctive relief, monetary damages and other remedies to which KENERGY incurs in enforcing its rights under this AGREEMENT.

32. Non-Exclusivity

This AGREEMENT is a non-exclusive AGREEMENT between KENERGY and ASPLUNDH. KENERGY reserves the right to obtain the same or similar services from other companies. ASPLUNDH reserves the right to offer the same or similar services to others.

33. Notices

Any notice to be given under this AGREEMENT shall be sufficient if delivered via mail or electronic mail to:

If to KENERGY:
Kenergy Corp.
ATTN: Jeff Hohn, CEO

P.O. Box 18
Henderson, KY 42419
jhohn@kenergycorp.com

If to ASPLUNDH:
ASPLUNDH TREE EXPERT, LLC
ATTN: Bobby King

200 Two Oaks Drive
Nicholasville, KY 40356
email bobbyking@asplundh.com

IN TESTIMONY WHEREOF, witness the hands of the parties hereto as of the day and date first written above.

KENERGY CORP.

By [signature]

Printed Name: Jeff Hohn

Title: President and CEO

ASPLUNDH TREE EXPERT, LLC

By: [signature]

Printed Name: Randal L. Haines

Title: Vice President/Sponsor

EXHIBIT___(RAF-3)

KENERGY CORP.

THE ELECTRONIC APPLICATION OF KENERGY CORP. FOR A GENERAL ADJUSTMENT OF RATES	)))	CASE NO. 2023-00276

Responses to Attorney General's Second Request for Information

Item 3) Refer to the Company's attachment response to AG 1-25(m) that provided the breakout of account 593.300 by sub code and description for the various types of expenses recorded during the test year.

a. Provide a breakout of account 593.30 in the same format for each of the years 2019 through 2022 and for 2023 to date indicating the last month in 2023 with available information.
b. Provide a breakout of account 593.30 in the same format budgeted for 2023.
c. Provide a breakdown of the test year amount of code "434 – VEG MNGT-JOB ORDERS" summing to $317,894.04 for each individual contractor. Provide the amounts separately for each month in the test year and in total for each individual contractor.
d. Provide a breakdown of the code "434 – VEG MNGT-JOB ORDERS" expenses recorded in each month subsequent to the test year with available information for each individual contractor. Provide the amounts separately for each month subsequent to the test year and in total for each individual contractor.
e. For the amounts listed for transportation of $44,434.03 and for Labor & Overheads of $377,427.76, describe why these amounts are reflected in account 593.30 and explain how those amounts are recorded each month and the basis for them.

Response)

a. Please see Excel file "AG2 Item 3a, b, c, d (593.3 Expenses)" uploaded separately.
b. Please see Excel file "AG2 Item 3a, b, c, d (593.3 Expenses)" uploaded separately. Note: Kenergy budgets labor, labor overheads, and other activity codes by Form 7 account number group rather than specific account number, so this information is not available for account 593.3.

c. Please see Excel file "AG2 Item 3a, b, c, d (593.3 Expenses)" uploaded separately.
d. Please see Excel file "AG2 Item 3a, b, c, d (593.3 Expenses)" uploaded separately.
e. Kenergy employees who spend time overseeing vegetation management contractors and reviewing the contractor's work appropriately code their time and vehicle mileage to a vegetation management payroll task code (6,066 hours during the test period). Payroll overheads associated with these employees will follow their labor to this account.

Witness: Travis Siewert

KENERGY CORP.
PSC CASE NO. 2023-00276
AG REQUEST NO. 2
ITEM 3a

DESCRIPTION	2019 AMOUNT
102 - MEALS & MEETING EXP	195.82
104 - SEMINARS & TRAINING	765.97
146 - VEHICLE ALLOWANCE	163.92
250 - DEPR EXP - GEN PLNT	394.44
428 - VEG MNGT-ROUTINE MNT	2,274,762.55
429 - VEG M(MAINT-CAP PROJ	9,584.98
431 - VEG MNGT-SPRAYING	90,926.45
432 - VEG MNGT-TRD A TREE	4,980.00
434 - VEG MNGT-JOB ORDERS	105,517.68
435 - VEG MNGT-ISA MEMBSHP	215.00
443 - SUBSTATION-LOT SPRAY	19,333.56
457 - VEG MNGT - STORMS	4,511.02
740 - EMPLOYEE INCENTIVE P	5,120.96
773 - SERVICE AWARDS	150.00
774 - CHRISTMAS PARTY EXP/BONUS	379.45
TRANSPORTATION	20,744.15
LABOR & OVERHEADS	298,603.32
TOTAL 593.300	2,836,349.27

DESCRIPTION	2020 AMOUNT
102 - MEALS & MEETING EXP	43.07
104 - SEMINARS & TRAINING	183.62
135 - TUITION REIMBURSE	947.13
139 - RETIRE. GIFTS/EVENTS	550.00
146 - VEHICLE ALLOWANCE	341.60
250 - DEPR EXP - GEN PLNT	250.32
428 - VEG MNGT-ROUTINE MNT	3,148,712.83
429 - VEG M(MAINT-CAP PROJ	13,778.25
431 - VEG MNGT-SPRAYING	127,078.53
432 - VEG MNGT-TRD A TREE	4,525.00
433 - VEG MNGT-CUST ED	301.07
434 - VEG MNGT-JOB ORDERS	152,848.09
435 - VEG MNGT-ISA MEMBSHP	215.00
485 - VOIDED AP INVOICES-TOWNSEND TREE SERVICE	(149,415.89)
740 - EMPLOYEE INCENTIVE P	7,941.45
774 - CHRISTMAS PARTY EXP/BONUS	430.54

TRANSPORTATION	29,901.53
LABOR & OVERHEADS	368,892.77
TOTAL 593.300	3,707,524.91

DESCRIPTION	2021 AMOUNT
104 - SEMINARS & TRAINING	763.57
135 - TUITION REIMBURSE	888.07
146 - VEHICLE ALLOWANCE	252.61
250 - DEPR EXP - GEN PLNT	183.33
428 - VEG MNGT-ROUTINE MNT	4,288,363.97
431 - VEG MNGT-SPRAYING	129,086.48
432 - VEG MNGT-TRD A TREE	3,280.00
433 - VEG MNGT-CUST ED	314.56
434 - VEG MNGT-JOB ORDERS	163,731.66
435 - VEG MNGT-ISA MEMBSHP	335.00
457 - VEG MNGT - STORMS	2,634.75
740 - EMPLOYEE INCENTIVE P	10,177.74
774 - CHRISTMAS PARTY EXP/BONUS	360.16
TRANSPORTATION	28,731.26
LABOR & OVERHEADS	303,355.91
TOTAL 593.300	4,932,459.07

DESCRIPTION	2022 AMOUNT
101 - MILEAGE & TRAVEL	88.02
102 - MEALS & MEETING EXP	186.35
104 - SEMINARS & TRAINING	1,104.68
146 - VEHICLE ALLOWANCE	71.49
250 - DEPR EXP - GEN PLNT	19.60
408 - CREW MEALS	26.20
419 - MATL CHG - MAINT	4,546.98
428 - VEG MNGT-ROUTINE MNT	5,480,011.94
431 - VEG MNGT-SPRAYING	127,268.64
432 - VEG MNGT-TRD A TREE	850.00
433 - VEG MNGT-CUST ED	300.00
434 - VEG MNGT-JOB ORDERS	193,909.12
435 - VEG MNGT-ISA MEMBSHP	215.00
457 - VEG MNGT - STORMS	10,842.61
740 - EMPLOYEE INCENTIVE P	2,855.31
774 - CHRISTMAS PARTY EXP/BONUS	545.87
TRANSPORTATION	37,240.87

LABOR & OVERHEADS	354,735.22
TOTAL 593.300	6,214,817.90

DESCRIPTION	YTD OCT 2023 AMOUNT
102 - MEALS & MEETING EXP	172.82
104 - SEMINARS & TRAINING	2,051.93
146 - VEHICLE ALLOWANCE	210.48
408 - CREW MEALS	(626.01)
428 - VEG MNGT-ROUTINE MNT	3,898,515.06
429 - VEG M(MAINT-CAP PROJ	66,745.88
431 - VEG MNGT-SPRAYING	117,786.07
432 - VEG MNGT-TRD A TREE	1,000.00
433 - VEG MNGT-CUST ED	394.93
434 - VEG MNGT-JOB ORDERS	523,833.51
435 - VEG MNGT-ISA MEMBSHP	215.00
457 - VEG MNGT - STORMS	41,656.65
470 - MAJOR STORM EXPENSES	2,066.47
740 - EMPLOYEE INCENTIVE P	638.00
TRANSPORTATION	39,942.78
LABOR & OVERHEADS	331,905.45
TOTAL 593.300	5,026,509.02

KENERGY CORP.
PSC CASE NO. 2023-00276
AG REQUEST NO. 2
ITEM 3b

		2023 Budget
428	VM Routine Circuit Maintenance	4,597,465.60
429	VM Maint. Portion of Capital Projects	10,338.00
430	VM Contractor Incentives	-
431	VM-Spraying	129,052.60
432	VM-Trade A Tree	10,200.00
433	VM-Customer Education	300.00
434	VM Job Orders	1,063,434.00
435	VM-ISA Membership	260.00
457	VM - Storms	4,350.00
	Total	5,815,400.20

KENERGY CORP.
PSC CASE NO. 2023-00276
AG REQUEST NO. 2
ITEM 3c

MONTH	HALTER TREE SERVICE	ASPLUNDH TREE EXPERT	TOTAL
Mar-22	10,774.44		10,774.44
Apr-22	14,238.86		14,238.86
May-22	20,093.00		20,093.00
Jun-22	24,280.92		24,280.92
Jul-22	29,262.48		29,262.48
Aug-22	21,062.58		21,062.58
Sep-22	26,231.76		26,231.76
Oct-22	4,214.96		4,214.96
Nov-22	12,395.41		12,395.41
Dec-22	7,759.30	198.69	7,957.99
Jan-23	9,418.06	60,900.49	70,318.55
Feb-23	15,984.74	61,078.35	77,063.09
	195,716.51	122,177.53	317,894.04

KENERGY CORP.
PSC CASE NO. 2023-00276
AG REQUEST NO. 2
ITEM 3d

MONTH	HALTER TREE SERVICE	ASPLUNDH TREE EXPERT	TOTAL
Mar-23	4,503.40	39,927.86	44,431.26
Apr-23	4,162.33	61,864.52	66,026.85
May-23	11,121.91	28,717.73	39,839.64
Jun-23	2,993.02	29,432.10	32,425.12
Jul-23	1,152.44	30,702.66	31,855.10
Aug-23	14,532.79	57,777.37	72,310.16
Sep-23	550.44	36,923.84	37,474.28
Oct-23	17,323.90	34,765.56	52,089.46
	56,340.23	320,111.64	376,451.87

EXHIBIT___(RAF-4)

KENERGY CORP.

THE ELECTRONIC APPLICATION	**)**	
OF KENERGY CORP. FOR A GENERAL	**)**	**CASE NO. 2023-00276**
ADJUSTMENT OF RATES	**)**	

Responses to Attorney General's Second Request for Information

Item 1) Refer to the response to AG 1-25(d) and further to the Company's vegetation management plan provided as attachment "AG1_Item_25d_VM_Plan." The plan indicates in the introduction on page 1 that customers are served by "more than 5,200 miles of overhead primary line."

a. Confirm that "miles of overhead primary line" is the same as circuit miles. If not confirmed, explain why not.
b. Provide the miles of overhead primary line (and/or circuit miles) for the Company at the end of each of the years 2016 through 2022 and currently in 2023.
c. Provide the average number of miles of overhead primary line (and/or circuit miles) vegetation management that would need to occur to trim the entire system over a six-year cycle.

Response)

a. They are not. Circuit miles include overhead, underground, primary and secondary.
b.

	2016	2017	2018	2019	2020	2021	2022	2023
Overhead Primary Miles	5,449	5,438	5,464	5,458	5,460	5,439	5,440	5,438

c. 906 miles annually of overhead primary conductor.

Witness: Rob Stumph

EXHIBIT___(RAF-5)

KENERGY CORP.

THE ELECTRONIC APPLICATION OF KENERGY CORP. FOR A GENERAL ADJUSTMENT OF RATES	)))	CASE NO. 2023-00276

Responses to Attorney General's Second Request for Information

Item 2) Refer to the Company's response to AG 1-25(c) regarding the discussion of modifying the trimming cycles due to the Townsend contract departure in 2019. Refer also to the response to Staff 1-25(e) that shows the number of circuit miles of vegetation management performed for each year 2016 through 2023 to date.

a. Provide the number of circuit miles of vegetation management that was originally planned for 2019 and for 2020 prior to Townsend's departure and the number of circuit miles of vegetation management that had to be added to 2021, 2022, 2023, and 2024 plans in order to help maintain the Company's 6-year trimming cycle.
b. Indicate when the Company expects the trim cycle to return back to normal. Provide the miles of overhead primary line (and/or circuit miles) for the Company at the end of each of the years 2016 through 2022 and currently in 2023.

Response)

a. Original planned miles for 2019 1,002.21. Original planned miles for 2020 1,024.09. Added miles to maintain cycle- 2021-5.67 miles, 2022-233.13 miles, 2023- 3 miles, 2024- 105.38 miles.
b. Normal trim cycle in place 2025. See response to Item 1.b. for overhead primary miles.

Witness: Rob Stumph

EXHIBIT___(RAF-6)

Kentucky Public Service Commission

2023-00276

Kenergy General Rate Application

AG Data Request Item 25(i) – Vegetation Management Bids Received

HALTER

812 882 0862
Extension 2000
Ref: Kenergy Bidding

325 Main Street
Vincennes, IN 47591

To Whom it May Concern,

The Halter Group is happy to submit the bid and T&E rates for 2022. We also expect to have the 2023 progress submitted before the October 15th deadline. We would, however, suggest that 2024 be delayed and discussed either in 2022 or 2023. We submit that a much better rate could be reached with a small (ultimately one year) delay. The entire world seems to be in a state of unprecedented flux. As our neighbor and valued customer, we would like to present the absolute best possible scenario for your consideration. Is this something Kenergy would entertain? Please let us know as soon as possible and we will schedule accordingly.

Respectfully,

Zach Halter

The Halter Group

2023 Halter Pricing for Kenergy Circuits

Substation		Feeder	Miles		$ w/o OH	Price Per Mile w/o OH
Riverport		Valley Grain	0.020		$199	$0.00
Riverport		Unison	1.080		$1,029	$952.78
Riverport		Shamrock	0.240		$1,986	$8,275.00
Stanley		Newman	48.630		$184,845	$3,801.05
Stanley		Hwy 60 E	6.740		$33,245	$4,932.43
Stanley		Birk City	20.340		$98,575	$4,846.34
Wolf Hills		WFIE	0.020		$1,656	$82,800.00
Wolf Hills		Wathen Lane	9.980		$162,063	$16,238.81
Wolf Hills		Ellis Park	16.220		$198,338	$12,227.98
Lyons County		Sunnyside	43.59		$203,149.31	$4,660.46
Lyons County		Iron Hills	28.89		$211,643.05	$7,325.82
Lyons County		Barkley Dam	18.76		$101,980.13	$5,436.04
Yeager		Yager Mat	1.1		$1,423.82	$1,294.38
Dermont		Dee Acres	7.7		$73,513.19	$9,547.17
Dermont		Timber Ridge	10.62		$85,054.61	$8,008.91
Horse Fork		Sutherland Rd	2.28		$5,860.84	$2,570.54
Horse Fork		Marlboro Apts	3.79		$19,881.27	$5,245.72
Horse Fork		Hampton Inn	3.26		$10,895.04	$3,342.04
Beda		Hopee Hill	39.07		$368,495.25	$9,431.67
Beda		Heflin	44.74		$287,818.30	$6,433.13
Beda		Iron Mountain	23.79		$194,962.42	$8,195.14
Utica		Browns Valley	47.08		$119,576.81	$2,539.86
Utica		Red Hill	50.43		$274,227.47	$5,437.78
Utica		Locust Grove	30.19		$180,592.76	$5,981.87
Utica		Utica	23.56		$101,557.04	$4,310.57
Utica		Old Barmet	3.30		$24,282.96	$7,358.47
Marion		Matoon	84.54		$293,907.03	$3,476.54
Marion		Princeton	63.87		$210,280.93	$3,292.33
Marion		Sheridan	140.54		$563,955.72	$4,012.78
Marion		Dam 50	67.50		$383,102.49	$5,675.59
Providence		Dalton	53.15		$291,116.04	$5,477.25
S. Owensboro		Hollywood Video	0.28		$374.00	$1,335.71
S. Owensboro		Twin Lakes	6.48		$17,857.08	$2,755.72
S. Owensboro		Cracker Barrel	1.02		$9,648.19	$9,459.01
S. Owensboro		Todd Bridge Rd	6.20		$17,357.23	$2,799.55

	Total Miles	Total Price	Average Price Per Mile
Totals	909.00	$4,734,448.50	$5,208.41

If Halter was awarded ALL Bids	3% Discount	$	4,592,415.05

EXHIBIT___(RAF-7)

KENERGY CORP.

THE ELECTRONIC APPLICATION OF KENERGY CORP. FOR A GENERAL ADJUSTMENT OF RATES	)))	CASE NO. 2023-00276

Responses to Attorney General's Second Request for Information

Item 4) Refer to the following: (i) the response to AG 1-25(l); (ii) the copies of invoices provided as Confidential attachment "AG1 Item 25l (Asplundh US App Invoices)"; (iii) the response to AG 1-25(k); and (iv) the contract with Asplundh provided as Confidential attachment "AG1_Item25k_2022-2023 VM Master Agreement Kenergy - ASPLUNDH- FIBER_KenergySigned."

a. Confirm that all Asplundh costs recorded to account 593.300 code 434 for the test year related to vegetation management associated with the Fiber construction project. If not confirmed, explain why not and provide the test year amount associated with the Fiber construction project.
b. Provide a copy of Purchase Order 16106.
c. Provide a copy of Purchase Order 16379.
d. Describe how the additional vegetation management required related to the installation of fiber is expected to impact the normal cycle trimming performed due to the Company's vegetation management plan. In other words, explain whether the normal cycle circuit miles are expected to be reduced during the fiber construction period and provide all reasons why or why not.

Response) Kenergy has modified its petition for confidentiality to recognize winning bids are not confidential.

a. Confirmed
b. See attached PO and requisition
c. See attached PO and requisition
d. Fiber clearing specifications are less than routine circuit maintenance (RCM) trimming specifications. Therefore, though the amount of vegetation needing removal will be lessened, the RCM clearing width will still need to be maintained. In summary, the number of miles to be trimmed won't be reduced, but the average cost per mile, in areas

where fiber clearing was performed, will be lower.

Witness: Rob Stumph
Travis Siewert

EXHIBIT___(RAF-8)

KENERGY CORP.

PSC CASE NO. 2023-00276

FIRST REQUEST FOR INFORMATION RESPONSE

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION.

REQUEST 22

RESPONSIBLE PERSON: **Keith Ellis**

COMPANY: **Kenergy Corp**

<u>Request 22.</u> For each employee group, state the amount, percentage increase, and effective dates for general wage increases and, separately, for merit increases granted or to be granted in the past two calendar years and the historical test period.

<u>Response 22.</u> Information attached as Request 22, page 2 of 2.

Kenergy Corp.
Case No. 2023-00276
PSC information request No. 1
Item 22
Schedule I

	ALL EMPLOYEES Number of Regular Hours	ALL EMPLOYEES Regular Annual Wages	ALL EMPLOYEES Annual Increase Amount Regular Wages	ALL EMPLOYEES Average Hourly Wage	**ALL EMPLOYEES Avg Hourly Wage Percent Change		*ALL EMPLOYEES Structure Move Increase Effective 1/1
Test Year (12-Months Ended Feb. 28, 2023)	259,233.40	$ 10,386,792.19	$ 55,360.06	$ 40.07	1.13%	see footnote (1)	5%
2022	260,769.90	$ 10,331,432.13	$ 118,304.24	$ 39.62	2.66%		3%
2021	264,638.37	$ 10,213,127.89	$ (15,111.55)	$ 38.59	1.82%		2%
2020	269,862.31	$ 10,228,239.44		$ 37.90			

NOTES

*All employees received same percentage increase (Structure Move) during each period and were effective January 1 of each year.
*Employees did not receive merit increases.

**Difference between average hourly wage percent increase and structure move increase due to following:
- Fluctuations in total number of employees
- Change of salary from retirements to new hires and eliminated positions
- Progression increases for new hires below mid-point pay levels

(1) Not comparable to prior years. Only 2 months of the 1/1/23 wage increase included in the dollars.
The average wage rate at the end of the test year was $41.10, which is a 3.74% over the 2022 wage rate of $39.62.

EXHIBIT___(RAF-9)

KENERGY CORP.

THE ELECTRONIC APPLICATION OF KENERGY CORP. FOR A GENERAL ADJUSTMENT OF RATES	**)))**	**CASE NO. 2023-00276**

Responses to Attorney General's First Request for Information

Item 36) Provide a schedule showing the number of full time equivalent employees at the end of each month from January 2020 through the most recent month for which actual information is available.

Response) The file named AG1_Item36_Full-Time equivalent employees is being uploaded into the Commission's electronic filing system.

Witness: Keith Ellis

PSC Case #2023-00276							
AG Request #1 - Item #36							
PAYROLL MONTH ENDING	**# OF FULL-TIME EQUIVALENT EMPLOYEES**	**PAYROLL MONTH ENDING**	**# OF FULL-TIME EQUIVALENT EMPLOYEES**	**PAYROLL MONTH ENDING**	**# OF FULL-TIME EQUIVALENT EMPLOYEES**	**PAYROLL MONTH ENDING**	**# OF FULL-TIME EQUIVALENT EMPLOYEES**
1/31/2020	134	1/31/2021	129	1/31/2022	133	1/31/2023	123
2/29/2020	133	2/28/2021	129	2/28/2022	131	2/28/2023	123
3/31/2020	132	3/31/2021	129	3/31/2022	130	3/31/2023	123
4/30/2020	132	4/30/2021	129	4/30/2022	126	4/30/2023	127
5/31/2020	131	5/31/2021	130	5/31/2022	126	5/31/2023	129
6/30/2020	131	6/30/2021	129	6/30/2022	127	6/30/2023	128
7/31/2020	131	7/31/2021	125	7/31/2022	127	7/31/2023	128
8/31/2020	130	8/31/2021	128	8/31/2022	124	8/31/2023	127
9/30/2020	132	9/30/2021	128	9/30/2022	125	9/30/2023	127
10/31/2020	132	10/31/2021	126	10/31/2022	124	10/31/2023	128
11/30/2020	130	11/30/2021	130	11/30/2022	124		
12/31/2020	130	12/31/2021	133	12/31/2022	124		

EXHIBIT___(RAF-10)

KENERGY CORP.

THE ELECTRONIC APPLICATION	**)**	
OF KENERGY CORP. FOR A GENERAL	**)**	**CASE NO. 2023-00276**
ADJUSTMENT OF RATES	**)**	

Responses to Attorney General's First Request for Information

Item 35) Refer to Reference Schedule 1.13 which contains the proforma adjustment applicable to payroll expense. The adjustment assumes 128 employees compared to the 123 employees listed in the response to Staff 1-19 for the actual months of January 2023 and February 2023. Provide a list of the positions and wage rates for the five positions that were not filled as of the end of the test year. In addition, describe whether any or all of those positions have now been filled. If not yet filled, explain why not.

Response) All positions were filled. The position title and hourly wage rate are listed below.

Position	Hourly Wage Rate
Apprentice Line Tech II	28.88
Meter/AMI Tech	30.07
Apprentice Line Tech I	24.10
Apprentice Line Tech I	24.10
Apprentice Line Tech I	25.10

Witness: Travis Siewert

EXHIBIT___(RAF-11)

KENERGY CORP.

THE ELECTRONIC APPLICATION OF KENERGY CORP. FOR A GENERAL ADJUSTMENT OF RATES	)))	CASE NO. 2023-00276

Responses to Attorney General's First Request for Information

Item 66) Explain how Kenergy accounts for payment processing fees when customers pay their bills via credit card, including the monetary figure the Company has included in the revenue requirement for payment processing fees.

Response) The total amount of credit card fees incurred during the test period was $308,551.21. This amount was charged to account 903.000.

Witness: Travis Siewert

EXHIBIT___(RAF-12)

KENERGY CORP.

THE ELECTRONIC APPLICATION	)	
OF KENERGY CORP. FOR A GENERAL	)	**CASE NO. 2023-00276**
ADJUSTMENT OF RATES	)	

Responses to Attorney General's First Request for Information

Item 68) Explain whether Kenergy requires a convenience fee to be added to all credit card transactions.

Response) No, Kenergy does not require a convenience fee for credit card transactions. Kenergy does not accept credit card transactions above $2,000.

Witness: Travis Siewert

EXHIBIT___(RAF-13)

KENERGY CORP.

THE ELECTRONIC APPLICATION	**)**	
OF KENERGY CORP. FOR A GENERAL	**)**	**CASE NO. 2023-00276**
ADJUSTMENT OF RATES	**)**	

Responses to Attorney General's First Request for Information

Item 67) Identify the types of payment Kenergy accepts from customers without assessing a fee, and those it accepts only with a fee assessment.

Response) Kenergy accepts cash, credit card, checks, and bank draft with no fees. Kenergy also has a Prepay Service Rider tariff with no fee charged.

Witness: Travis Siewert

EXHIBIT___(RAF-14)

KENERGY CORP.

THE ELECTRONIC APPLICATION OF KENERGY CORP. FOR A GENERAL ADJUSTMENT OF RATES	)))	CASE NO. 2023-00276

Responses to Attorney General's Second Request for Information

Item 6) Refer to the response to AG 1-66 regarding the costs incurred for credit card processing fees and the response to AG 1-67 defining the other methods of customer payments, including cash, checks, and bank drafts. Provide the average costs per transaction incurred by Kenergy to process each type of payment option, including via credit card, cash, check, and bank draft. In addition, provide the percentage(s) utilized if the credit card transaction charges are percentage based.

Response) Kenergy currently pays an average of $1.33 per credit card transaction. On a percentage basis, this comes to 0.62% of the total amount collected from credit cards. Kenergy pays a $0.20 transaction fee per bank draft transaction. Of the 19,792 credit card transactions received in September 2023, only 723 or about 4% were in person transactions. All of the other 19,069 transactions were completed electronically either through the mobile app, online, or through the IVR phone system, requiring no Kenergy labor.

While Kenergy does not incur bank fees for cash or check transactions, Kenergy does have employees at its 5 locations dedicated to processing walk-in, drive-thru, and mailed-in payments. Kenergy maintains remote deposit capture machines to process check payments and stubs at its Henderson and Owensboro locations. Checks processed in Kenergy's office represent about 28% of total payments received.

Kenergy currently receives a VISA utility flat rate for VISA transactions, which make up about 61% of Kenergy's total credit card transactions. If Kenergy were to charge a convenience fee to its members, it would lose the VISA utility flat rate and would be transitioned to the full VISA retail percentage rate. Also, if Kenergy were to implement a convenience fee, this fee cannot be applied to recurring payments or in-person payments, and it must be a fixed flat amount applied to debit card, credit card, and e-check transactions alike.

On average, National Information Solutions Cooperative ("NISC") utilities that charge a convenience fee have a VISA debit card cost of

$1.82 per transaction versus $0.88 per transaction for NISC utilities that do not charge a convenience fee. On average, NISC utilities that charge a convenience fee have a VISA credit card cost of $4.04 per transaction versus $2.67 per transaction for NISC utilities that do not charge a convenience fee. Kenergy estimates that its total credit card fees would increase approximately $171,000 per year, if it began charging its members a convenience fee.

Based on the significant increase in cost and the other items mentioned above, NISC recommends that we do not begin charging our members convenience fees.

Witness: Travis Siewert