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January 16, 2009

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JAN 20 2009

PUBLIC SERVICE
COMMISSION

FEDEX

Mr. Jeff Derouen
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Case No. 2008-00323

Dear Mr. Derouen:

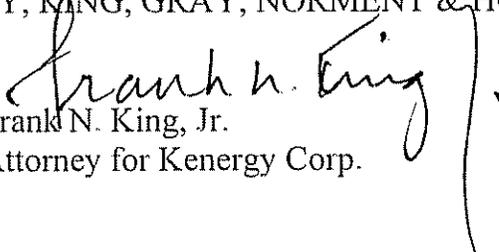
Enclosed for filing in the record of this case please find the original and six (6) copies of applicant's motion.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By


Frank N. King, Jr.
Attorney for Kenergy Corp.

FNKJr/cds

Encls.

COPY/w/Encls.:

Hon. Lawrence W. Cook, Assistant Attorney General of Kentucky
Hon. Michael J. Kurtz, counsel for Industrial Utility Customers, Inc.
Hon. Quang Nguyen, PSC Staff Counsel
Hon. Richard Raff, PSC Staff Counsel
Kenergy Corp.

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JAN 20 2009

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
) CASE NO. 2008-00323
THE APPLICATION OF KENERGY CORP.)
FOR AN ADJUSTMENT IN EXISTING RATES)

**VERIFIED MOTION TO SHORTEN SUSPENSION PERIOD
AND TO ORDER RATES EFFECTIVE FEBRUARY 1, 2009**

Now comes KENERGY CORP. ("Kenergy"), by counsel, and moves the Commission to shorten the suspension period and to order rates effective February 1, 2009. In support of this motion Kenergy states as follows:

1. The application in this case stated that the proposed rates would go into effect October 3, 2008. An order was entered suspending the effective date of the rates for five (5) months, being until March 2, 2009. This order was entered pursuant to KRS 278.190(2) which allows suspension for a period not longer than five (5) months beyond the time when the rates otherwise would have gone into effect.

2. Kenergy has entered into a settlement of the issues in this case with intervenors AG and KIUC. The settlement has been reduced to writing and is set forth in Joint Settlement Stipulation and Recommendation that has been filed of record herein. Under this settlement Kenergy is reducing its request for an annual increase in revenue by \$209,289.00. Further, the residential customer charge in Schedule 1 is being lowered from \$12.00 monthly to \$10.50 monthly, and as a consequence the Schedule 1 energy

charge is being increased to achieve the \$209,289.00 net annual revenue reduction. All other proposed rates, charges and services are not affected in the settlement. On January 5, 2009, the Commission Staff conducted an informal conference with the parties to discuss the details of this settlement.

3. Kenergy's present financial condition is such that Kenergy needs the new rates to go into effect as soon as reasonably possible. Kenergy needs the additional revenue because:

- In 2008, which was after the 2007 test year used in the filing, Kenergy incurred unanticipated expenses due in part to extreme weather conditions. These include unreimbursed expenses for ice storms in February 2008 amounting to approximately \$1.4 million.
- In Kenergy's last rate case, Case No. 2006-00369, Kenergy sought and obtained a TIER of only approximately 1.75, which contributes to the need for additional revenue now.
- Kenergy's operating TIER (OTIER) for 2008 is approximately 1.0 and its TIER for 2008 is approximately 1.16. Both of these are below the three (3) year average levels required under Kenergy's mortgage covenants. Further, Kenergy's equity/total capital ratio is now at the minimum 30% level per the board of directors' approved capital management policy. In addition, Kenergy's equity to total assets ratio is approximately 26%, whereas this ratio must be at least 30% before Kenergy can retire capital credits without the consent of RUS.

4. As a result of the settlement Kenergy's annual increase in revenue will amount to approximately \$3,022,969.00. This results in rates that are fair, just and reasonable and are nondiscriminatory and Kenergy submits that the Commission will so find after the hearing herein. Kenergy's proposed rates should be allowed to become effective February 1, 2009, rather than March 2, 2009, thereby allowing Kenergy to receive one time additional revenue that will amount to approximately \$250,000.00.

5. Moving the effective date up to February 1, 2009, was an important consideration in Kenergy's agreeing to the settlement. As set forth in paragraph 2 of Joint Settlement Stipulation and Recommendation the parties agreed that Kenergy's rates should become effective as of February 1, 2009, or as soon thereafter as ordered by the Commission.

6. The Commission has the authority to shorten the suspension period and has done so in past cases. KRS 278.190(2) states that rates may be suspended "not for a longer period than five (5) months" so statutorily the suspension period can be a shorter period of time. This statute also provides that after hearing the Commission "may make those orders with reference thereto as it deems proper in the matter." Under Kenergy's present financial circumstances it would be both proper and reasonable for the Commission to allow Kenergy to receive one time said additional revenue.

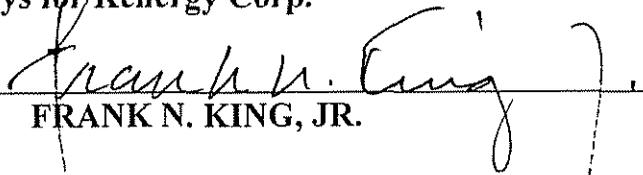
Examples of cases in which the Commission has initially ordered a five (5) month suspension period and then, after hearing, shortened the period are Case No. 2006-00415 (Inter-County Energy Cooperative) where the rates were suspended up to and including July 11, 2007, and then after settlement and hearing the new rates were ordered

to become effective on June 1, 2007, and Case No. 2008-00011 (Blue Grass Energy) where the rates were suspended up to and including October 10, 2008, and then after settlement and hearing the new rates were ordered to be come effective on September 1, 2008.

WHEREFORE, Kenergy moves the Commission and respectfully requests that, following hearing, the five (5) month suspension period be shortened to allow Kenergy's proposed rates to become effective February 1, 2009, and Kenergy further requests all proper relief.

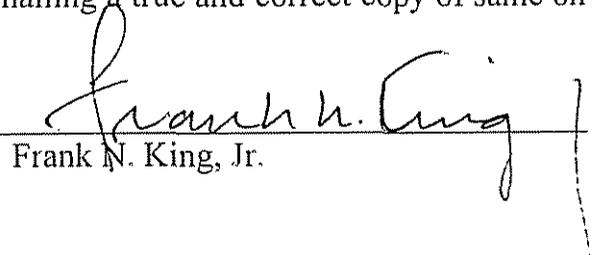
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Attorneys for Kenergy Corp.

By



FRANK N. KING, JR.

I hereby certify that the foregoing has been served upon the Attorney General of Kentucky, Office of Rate Intervention, 1024 Capital Center Drive, Frankfort, Kentucky 40601, and Michael L Kurtz, Esq., Boehm, Kurtz & Lowry, 36 East Seventh Street, Suite 2110, Cincinnati, Ohio 45202, by mailing a true and correct copy of same on this 16th day of January, 2009.



Frank N. King, Jr.

CASE NO. 2008-00323

VERIFICATION

I, SANFORD NOVICK, President and CEO of Kenergy Corp., hereby verify that the information set forth in the foregoing motion is true and correct to the best of my knowledge, belief and information.



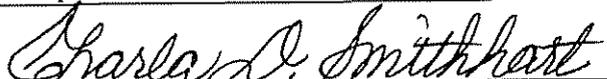
SANFORD NOVICK

STATE OF KENTUCKY

COUNTY OF HENDERSON

The foregoing was signed, acknowledged and sworn to before me by SANFORD NOVICK this 16th day of January, 2009.

My commission expires September 29, 2009



Notary Public, State of Kentucky at Large

(seal)