#### COMMONWEALTH OF KENTUCKY

#### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

# THE APPLICATION OF KENERGY CORP.)CASE NO.FOR AN ADJUSTMENT OF RATES)2008-00323

#### <u>O R D E R</u>

On September 3, 2008, Kenergy Corp. ("Kenergy") filed an application requesting approval of: (1) an increase to rates charged to non-direct served customers in order to generate an additional \$3,230,738 in annual revenues; (2) changes to certain nonrecurring charges and pole attachment charges; (3) changes to its Class C Direct Served Customer tariff; and (4) a complete tariff revision to update and clarify the language of its existing tariff. Kenergy is a consumer-owned rural electric cooperative organized pursuant to KRS Chapter 279 and engaged in the distribution and sale of electric energy to approximately 54,337 customers in the Kentucky counties of Breckinridge, Caldwell, Crittenden, Davis, Hancock, Henderson, Hopkins, Livingston, Lyon, McLean, Muhlenburg, Ohio, Union, and Webster.

To determine the reasonableness of Kenergy's proposal, the Commission suspended the proposed rates pursuant to KRS 278.190(2) for five months from their effective date up to and including March 2, 2009. The Kentucky Industrial Utility Customers, Inc. ("KIUC") and the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), sought and were granted full intervention in this proceeding.

At the request of Kenergy, an informal conference was held on January 5, 2009 at the Commission's offices in Frankfort, Kentucky. Present at the conference were representatives of Kenergy, the AG, KIUC, and Commission Staff. At the conference, Kenergy and the Intervenors stated that they had reached a settlement in principle of all issues in the case. The Settlement Agreement and other supporting documentation were filed with the Commission on January 8, 2009. The Settlement Agreement, attached hereto as Appendix A, provides for the approval of all requests made in Kenergy's original application except for the amount of the revenue increase, which has been reduced from \$3,230,738 to \$3,021,448, and the rate design for the residential customers. The Commission conducted a hearing on January 21, 2009 to take testimony concerning the reasonableness of the Settlement Agreement.

After a careful review of the Settlement Agreement, an examination of the record, and being otherwise sufficiently advised, the Commission finds that the settlement terms are reasonable and that the rate design and terms of service provisions are in conformity with generally accepted rate-making standards. The Commission further finds that the Settlement Agreement is reasonable, is in the public interest, and should be accepted, including the provision that the new rates become effective for service rendered on and after February 1, 2009. Our approval of the Settlement Agreement is based solely on its reasonableness *in toto* and does not constitute approval of any ratemaking adjustment.

The Commission notes that the depreciation rates used by Kenergy to determine revenue requirements in the current case were previously approved by the Commission

-2-

in Case No. 2006-00369.<sup>1</sup> Kenergy was also required to obtain approval of these depreciation rates from the Rural Utilities Service ("RUS") since they fell outside of RUS's generally accepted ranges. RUS's approval was obtained by letter dated October 20, 2006, and that approval expires on December 31, 2011.<sup>2</sup> After expiration, RUS will require Kenergy to submit an updated depreciation study if Kenergy wishes to continue using depreciation rates that fall outside RUS accepted ranges. Kenergy is reminded that Commission approval is required prior to any change in depreciation rates used for accounting or rate-making purposes.

#### MOTION TO SHORTEN SUSPENSION PERIOD

On January 20, 2009, Kenergy filed a motion requesting the Commission to shorten the suspension period and to authorize the rates to become effective on February 1, 2009. In support of its motion, Kenergy maintains that its present financial condition is such that it needs the new rates to go into effect as soon as reasonably possible. Kenergy states that by allowing the rates to become effective on February 1, 2009 instead of March 2, 2009, when the statutory suspension period ends, Kenergy would be able to recover additional revenue that would amount to approximately \$250,000. Kenergy further maintains that moving the effective date up to February 1, 2009 was an important consideration in Kenergy's agreeing to the settlement. Lastly, Kenergy is of the opinion that the Commission has the authority to shorten the suspension period and has done so in past rates cases.

<sup>&</sup>lt;sup>1</sup> Case No. 2006-00369, The Application of Kenergy Corp. for an Adjustment in Existing Rates.

<sup>&</sup>lt;sup>2</sup> Case No. 2008-00323, Kenergy's Original Application, Exhibit 5, Page 12a.

Given that the rates have been approved for service rendered on or after February 1, 2009, the Commission deems the motion to be moot.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement is adopted and approved in its entirety.

2. The rates attached hereto as Appendix B are the rates set forth in the Settlement Agreement, and those rates are approved for service rendered on and after February 1, 2009.

3. Kenergy shall seek approval from the Commission prior to any changes in depreciation rates for accounting or rate-making purposes.

4. Within 20 days of the date of this Order, Kenergy shall file new tariffs reflecting the provisions of this Order.

5. Kenergy's Verified Motion to Shorten Suspension Period and to Order Rates Effective February 1, 2009 is denied as moot.

Done at Frankfort, Kentucky, this 29th day of January, 2009.

By Commission

cedulive Director ATTEST

Case No. 2008-00323

# APPENDIX A

# APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00323 DATED JANUARY 29, 2009

# SETTLEMENT AGREEMENT

Filed January 8, 2009

# RECEIVED

#### COMMONWEALTH OF KENTUCKY

#### **BEFORE THE PUBLIC SERVICE COMMISSION**

JAN 08 2009 PUBLIC SERVICE COMMISSION

In the Matter of:

# THE APPLICATION OF KENERGY CORP. FOR AN ADJUSTMENT IN EXISTING RATES

DRP. ) RATES )

) CASE NO. 2008-00323

#### JOINT SETTLEMENT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, being the applicant, Kenergy Corp. ("Kenergy") and the intervenors, Attorney General of the Commonwealth of Kentucky ("Attorney General") and Kentucky Industrial Utility Customers, Inc ("KIUC") to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the "Stipulation" and/or the "Recommendation."

It is understood by all parties hereto that this Recommendation is not binding upon the Kentucky Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustment to Kenergy's rates. Kenergy and the Attorney General have expended considerable efforts to reach the stipulation and agreements that form the basis for this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Recommendation will eliminate the need for the Commission and the parties to expend considerable resources in litigation of this proceeding, and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. Based upon the parties' participation in a settlement conference and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1(a). Kenergy filed an application for a rate adjustment seeking a total increase in revenue in the amount of \$3,232.258.00. The parties agree that Kenergy should be permitted to adjust its rates to permit a total increase in revenue of only \$3,022,969.00, being \$209,289.00 less than sought in the application. The adjustments necessary for this reduction in revenue will be made only in Kenergy's tariff Schedule 1 (Residential—Single Phase and Three phase) by reducing the proposed Customer Charge to \$10.50 per month and increasing the proposed Energy Charge per KWH to \$0.062327. Attached as "Exhibit A" is revised tariff Schedule 1 showing these adjustments and for comparison attached as "Exhibit B" is Schedule 1 proposed in the filing.

(b) Rates for commercial and industrial customers shall not be affected and shall remain as proposed in the application.

2. Kenergy's proposed tariff revisions as reflected in Schedule 1 attached as "Exhibit A" and as reflected in all other proposed tariffs in Kenergy's application should be adopted and should become effective as of February 1, 2009, or as soon thereafter as ordered by the Commission.

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3. It is the purpose and intent of the parties hereto that the revision in rates for Kenergy result in a 2.0 TIER (times interest earned ratio), and the revision in rates as proposed by this Recommendation and Stipulation will result in such a TIER rating.

4. Kenergy's Board of Directors has approved the stipulated and amended rate reduction amount of \$209,289.00.

5. Each party hereto waives all cross-examination of witnesses of the other parties hereto unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the Notice of Intent, Application, testimony, pleadings, and responses to data requests filed in this proceeding be admitted into the record.

6. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Kenergy or any other utility.

7. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

8. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any and all matters involved herein, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties hereto, nor shall

3

such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto, the Commission or its Staff in any such hearing.

9. Attached as "Exhibit C" is proof of revenue analysis showing that the proposed rate adjustments will generate the proposed revenue reduction to which the parties have agreed in paragraph (1) of this Stipulation.

10. The parties hereto agree that the foregoing Recommendation is reasonable and is in the best interests of all concerned, and urge the Commission to adopt this Recommendation in its entirety.

This 7th day of January, 2009.

KENERGY CORP

Sandy Novick | President and CEO Frank N. King, Jr. Attorney for Kenergy Corp.

KENTUCKY ATTORNEY GENERAL

Lawrence W. Cook Assistant Attorney General

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. (signature on next page) Michael L. Kurtz, Attorney such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto, the Commission or its Staff in any such hearing.

9. Attached as "Exhibit C" is proof of revenue analysis showing that the proposed rate adjustments will generate the proposed revenue reduction to which the parties have agreed in paragraph (1) of this Stipulation.

The parties hereto agree that the foregoing Recommendation is 10. reasonable and is in the best interests of all concerned, and urge the Commission to adopt this Recommendation in its entirety.

This <u>7</u> day of January, 2009.

KENERGY CORP

Sandy Novick President and CEO

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

KENTUCKY ATTORNEY GENERAL

Lawrence W. Cook Assistant Attorney General

KENTUCKY INDUSTRIAL UTILITY Michael L. Kurtz, Attorney



Henderson, Kentucky

Т

FOR <u>ALL TERRITORY SERVED</u> Community, Town or City

PSC NO \_\_\_\_\_2 -----

Original SHEET NO 1

CANCELLING PSC NO \_\_\_\_

\_\_\_\_\_SHEET NO \_\_\_\_\_

\_\_\_\_

	CLASSIFICATION OF SERVICE	
	Schedule 1 – Residential (Single Phase & Three-Phase)	
APPLICABLE In all territory served		
for uses customarily as	<u>RVICE</u> three-phase single family residential service Residential electric service is availal ciated with residential occupation, including lighting, cooking, heating, cooling. appliances and other domestic purposes.	ble
served through a single as a condition precede permit each family to b would involve undue or rendered to a multi-far	In don service to single family units and are not applicable to multi-family dwelling meter. Where two or more families occupy a residential building, Kenergy may re- to the application of the residential rate, the wiring in the building be so arranged served through a separate meter. In those cases where such segregation of wiring mense to the Member, at the Member's option in lieu of the foregoing, electric serv- y residential building through a single meter will be classified as commercial and a Member at an appropriate non-residential rate.	quire. as to vice
pump houses, grain bi	d to measure the consumption to remotely located buildings, such as garages, barn or other outbuildings, or facilities, such as electric fences, it will be considered a illed as a separate service at the applicable non-residential rate.	15,
RATE		
Customer Charge per d	very point	ionth
Plus:	H	,
ADJUSTMENT CLAU		
The bill amount comp with the following:	d at the charges specified above shall be increased or decreased in accordance	
8	rce Energy Service Rider Sheets No. 23 – 23D	
TAXES AND FEES		
School Taxes adde	if applicable s added if applicable.	
DATE OF ISSUE	September 3, 2008 Month / Date / Year	
DATE EFFECTIVE	Month / Date / Year	
ISSUED BY		
••••••••••••••••••••••••••••••••••••••	(Signature of Officer)	

TITLE\_\_\_\_\_\_President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO \_\_\_\_\_\_\_ DATED \_\_\_\_\_\_

	EXHIBIT	-12-
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tabbles"	A	



Henderson, Kentucky

FOR <u>ALL TERRITORY SERVED</u> Community, Town or City PSC NO. 2

•	110-1102	

Original SHEET NO 1

CANCELLING PSC NO. \_\_\_\_

\_\_\_\_\_SHEET NO \_\_\_\_\_

#### CLASSIFICATION OF SERVICE Schedule 1 – Residential (Single Phase & Three-Phase)

## APPLICABLE

1

In all territory served

#### AVAILABILITY OF SERVICE

Available for single and three-phase single family residential service Residential electric service is available
 For uses customarily associated with residential occupation, including lighting, cooking, heating, cooling,
 refrigeration, household appliances and other domestic purposes

Residential rates are based on service to single family units and are not applicable to multi-family dwellings served through a single meter. Where two or more families occupy a residential building. Kenergy may require, as a condition precedent to the application of the residential rate, the wiring in the building be so arranged as to permit each family to be served through a separate meter. In those cases where such segregation of wiring would involve undue expense to the Member, at the Member's option in lieu of the foregoing, electric service rendered to a multi-family residential building through a single meter will be classified as commercial and billed on the basis of service to a Member at an appropriate non-residential rate.

If a separate meter is used to measure the consumption to remotely located buildings, such as garages, barns, pump houses, grain bins or other outbuildings, or facilities, such as electric fences, it will be considered a separate service and be billed as a separate service at the applicable non-residential rate

#### <u>rate</u>

1

1 1	Customer Charge per delivery point	per month
	Plus: Energy Charge per KWH	51540
NI	A INTER DATE OF A DRIVE.	

#### ADJUSTMENT CLAUSES:

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Renewable Resource Energy Service Rider Sheets No. 23 - 23D

#### **1AXES AND FEES**

School Taxes added if applicable Kentucky Sales Taxes added if applicable

DATE OF ISSUE September 3, 2008	
Month / Date / Year	
DATE ETHECHAL October 3, 2008	_
Month / Date / Year	
ISSUED BY(Signature of Officer)	
President and CEO	
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASENO <u>2008-00323</u> DATED	

** ***	EXHIBIT	
5		
tabbles	В	
-	D	

(a)     (b)     (c)       TEST Y       Unimber of bills per consumption analysis adjustment to number booked     535,036     145,003       Unimber of bills per consumption analysis adjustment to number booked     535,036     145,003       Unimber of bills per consumption analysis     535,036     145,003       Unimber of bills per consumption analysis     535,036     145,003       Unimber of bills per consumption analysis     537,011     733,033       Units valid bills issued per books     537,011     733,033       Ciolal bills issued per books     537,001     733,035       Kwh Booked     533,036     44,736       Kwh Booked     754,559,094     145,093       Adjustment for revenue of difference     74,459     13       Revenue per books     734,559,094     14,734       13 month average     734,559,094     14,734       13 month average     13,743,562     14,734       13 month average     13,744,744     13       14 merase     13,744,744     13       13 month average     14,744     14	KENERGY CORP 2008 RATE APPLICATION RESIDENTIAL CONSUMPTION ANALYSIS	(a) (i) (i) (k) (k) (i) (k)	Adjustment to year-end level Settlement Settlement Sett Present of customers Hormalized Rates Re	9.9.1 59.007.515 (3) 537,402 55,325,654 510.50 5.642.721 8.774 55,007.515 2.640 537,402 55,325,654 510.50 5.642.721	56 s0.0589967 s0.0589956 173 S44,597,066 s0.058987 (3) (6) 37,262,134 45,464,283 S 0.062327 S47,262,198 37 (586,928) 3,725,040 758,294,134 45,464,283 S 0.062327 S47,262,198	at (7) 0.000000 548,635,725 (58,129) (58,129) (58,129) (58,129) (58,129) (58,129) (58,129) (58,129) (55,2904,919 (55,2904,910 (55,2904,919 (55,2904,910 (55,2904,919 (55,2904,910 (55,2004,910 (55,2004,9104,910	As Filed 5 53, 105, 745 reduction 5 (209, 292) Agreed to settlement reduction 5 (209, 289) rounding difference 5 (3)						Intormation Request No. 1)	
Line No. 1 Customer charge. 2 Number of bills per consumption analysis 3 adjustment to number booked 3 Number of bills per consumption analysis 5 Total bills resued per books 8 Energy Charge. 9 Kwh settes per consumption analysis 9 Kwh settes per consumption analysis 10 Kwh settes per consumption analysis 11 Adjustment to KWH booked 12 KwH booked 13 Adjustment to revenue difference 13 Adjustment to revenue difference 13 Adjustment to revenue difference 13 Adjustment to revenue difference 14 Totale change effective March 1, 2007 13 Adjustment for revenue difference 14 Adjustment to revenue difference 15 Adjustment to revenue difference 16 Wholesale discount adjustment 17 Adjustment to revenue difference 18 Adjustment to revenue difference 19 Revenue per books 20 21 Revenue per books 22 Customers billed December 2007 23 KWH Booked 24 See Exhibit 9, Page 11 26 (Line 12, Col. b) 754, 559,094 + (Line 32, Col. b) 256 27 divided by KWH billed 1, 170, 730, 495 (See Exh 28 Col. b) for thimes 20, 1 29 Col. bills 754, 559,094 + (Line 37, Col. b) 266 20 divided by KWH billed 1, 170, 730, 495 (See Exh 20 divided by KWH billed 1, 170, 730, 495 (See Exh 20 divided by KWH billed 1, 170, 730, 495 (See Exh 28 Col. b) 754, 559,094 + (Line 37, Col. b) 266 29 Col. b) 754, 559,094 + (Line 37, Col. b) 266 20 divided by KWH billed 1, 170, 730, 495 (See Exh 20 divided by KWH billed 1, 170, 730, 495 (See Exh 20 divided by KWH billed 1, 170, 730, 495 (See Exh 20 divided by KWH billed 1, 170, 730, 495 (See Exh 29 Col. b) 754, 504 Line 1, 100, 100, 100, 100, 100, 100, 100,			TE		et 56,042,756 229,75 -1,473,662 at <u>54,569,094</u>	54,569,094	1		754,569,094 534,762 1,411 3,725,040		0	) 3,725,040	3,244,11 (See Item Inbit 9, Page 1, Line	
		(3)	1	Customer charge. Number of bills per consumption analysis adjustment to number booked Number of bills per books with customer charge plus yard light onty tills(no customer charge) Total bills tssued per books	, .		<ol> <li>Rate change offective March 1, 2007</li> </ol>	<ul> <li>(2) Customers billed December 2007</li> <li>13 month average Increase Times 12 months</li> </ul>		(4) See Exhibit 9, Page 11	(5) (Line 4, Col. b) 534,762 + (Line 32, Col. b) 2,64	(6) (Line 12, Col. b) 754,569,094 + (Line 37, Col. f)		(8) Cot h times Col. r



KENERGY CORP. Case No. 2008-00323

Settlement	\$ 52,896,456	44,978	00 80 %		\$ 10.50 \$ 0.000000	0.002321	\$ 10.50 \$ 97.50	00.00 ¢
Proposed Revenue	\$53,105,745	44,978	\$ 98.39		\$ 12.00 \$ 0.061540		\$ 12.00 \$ 86.40	
Normalized Present Revenue	\$50,781,809	44,978	\$ 94.08		\$ 9.91 \$ 0.059956		\$ 9.91 \$ 84.17	\$ 94.08
KWH	758,294,134	44,978	1,404			1,404		
	<ul> <li>residential KVVH and Revenues from Summary of Revenue</li> <li>Mumher of Currence</li> </ul>		6 Lest Tear Averages per Month	7 Present, Proposed & Settlement Rates 8	<ul> <li>9 Facilities Charge</li> <li>10 Energy Charge</li> <li>11</li> </ul>	12 Rate Calculations @ Average Consumption 13	<ol> <li>Facilities Charge</li> <li>Energy Charge</li> <li>16</li> </ol>	17 Total



# Received

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	COMMONWEALTH OF KENTUCKY	PUBLIC SERVICE COMMISSION							
	<b>BEFORE THE PUBLIC SERVICE COMMISSION</b>								
THE	In the Matter of: ) ) CASE NO. 2008-00323 THE APPLICATION OF KENERGY CORP. ) FOR AN ADJUSTMENT IN EXISTING RATES )								
	SUPPLEMENTAL TESTIMONY OF SANFORD NOVI	<u>CK</u>							
Q1.	Please state your name and title.								
Α,	My name is Sanford Novick and I am President and CEO of Ke	energy Corp.							
Q2.	Have you previously provided testimony in this proceeding?								
A.	Yes. My direct testimony is filed as Exhibit 6 to the Applicatio	n.							
Q3.	What is the purpose of this supplemental testimony?								
Α.	To present evidence regarding a settlement that has been reactive Kenergy and intervenors AG and KIUC.	ched between							
Q4.	How were settlement talks initiated?								
A.	Kenergy was contacted by the AG and requested to meet in Fr meeting was held at the AG's office on December 10, 2008.	ankfort. The							
Q5.	What was the AG's settlement offer?								
Α.	The AG proposed that Kenergy reduce by \$209,289.00 its reannual revenue increase and that the residential customer Schedule 1 be lowered from \$12.00 monthly that Kenergy we to \$10.50 monthly. Lowering the monthly customer charge resulted in a revenue reduction of approximately \$806,000.00 the decision was made to increase the Schedule 1 energy charge the \$209,289.00 net annual revenue reduction.	er charge in as requesting ge to \$10.50 annually and							

1 2 3	Q6.	What increase needed to be made to the Schedule 1 energy charge to accomplish a net annual reduction of \$209,289.00?
4 5 6	Α.	The energy charge needed to be increased from the originally proposed \$0.061540 per KWH to \$0.062327 per KWH.
7 8 9	Q.7	Did the AG explain how it arrived at the proposed annual reduction amount set forth in its offer?
9 10 11 12 13 14 15 16	Α.	Not exactly. Kenergy was informed that the AG's expert Robert Henkes had reviewed Kenergy's filing and was of the opinion that Kenergy had listed some expenses that should not be included for rate making purposes, and that this reduction would result in a fair resolution of the matter. Kenergy was not given the details of how the expert arrived at this specific amount.
17	Q8.	How does this affect Kenergy's TIER?
18 19 20 21	А.	Kenergy's TIER remains at 2.0 which is the level requested in the Application.
21 22 23	Q9.	Does the settlement include any other terms?
24 25 26 27 28	A.	Yes. It is important to Kenergy to get the new rates in effect as soon as reasonably possible. Presently Kenergy's proposed rates have been suspended for five (5) months which means new rates would not be effective until March 1, 2009. The AG agreed to cooperate with Kenergy in attempting to get the new rates in effect February 1, 2009.
29 30 31	Q10.	Why is it important to Kenergy to accelerate the effective date of the new rates in this manner?
32 33 34 35 36 37 38 39 40	Α.	Kenergy's test year for adjustments in its rates is 2007. However, in 2008 Kenergy has incurred unanticipated expenses due in part to extreme weather conditions. Kenergy is going to barely meet its operating TIER for 2008 and its equity/total capital ratio is now at the minimum 30% level per the board of directors' approved capital management policy. The additional revenue generated by moving the effective date forward one month will strengthen Kenergy's TIER level and will help build equity back to the desired 35% level.
41 42 43	Q11.	What is KIUC's position in this settlement?

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KIUC acquiesces in this settlement. Counsel for KIUC has requested that 1 A. 2 an affirmative statement be included in the settlement stipulation that the 3 rates of commercial and industrial customers are not affected by the 4 settlement, and this is being done. 5 6 Q12 Has the AG's settlement offer been accepted by Kenergy? 7 8 Yes, Kenergy's management favored the settlement and recommended Α. acceptance to the board of directors. 9 At a special meeting held telephonically on December 15, 2008, the board of directors unanimously 10 11 voted to accept the offer. 12 Q13. Under the terms of the settlement are you still of the opinion that Kenergy's 13 rates will be fair, just and reasonable and that they will be 14 15 nondiscriminatory? 16 17 Α. Yes, I am still of that opinion. 18 Q14. Does this conclude your supplemental testimony at this time? 19

20 21

Yes.

A.

#### APPENDIX B

## APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00323 DATED JANUARY 29, 2009

The following rates and charges are prescribed for the customers in the area serviced by Kenergy Corp. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

### Service Rates

Residential Service (Single & Three – Phase) Customer Charge per Delivery Point Energy Charge per kWh	\$ \$	10.50 0.062327	per month
All Non-Residential Single Phase Customer Charge per Delivery Point Energy Charge per kWh	\$ \$	16.00 0.060740	per month
Three-Phase Demand, Non-Dedicated Delivery Points (0 – 1,000 kW)			
Customer Charge per Delivery Point	\$		per month
Demand Charge, All kW During Month Energy Charge:	\$	4.05	
First 200 kWh per kW, per kWh	\$	0.05320	
Next 200 kWh per kW, per kWh	\$ \$ \$	0.03800	
All over 400 kWh per kW, per kWh	\$	0.03300	
Primary Discount per kW	\$	(0.50)	
Three-Phase Demand, Non-Dedicated Delivery Points (1,001 kW and Over) Option A – High Load Factor (above 50%)			
Customer Charge per Delivery Point	\$	575.00	per month
Demand Charge, All kW During Month	\$	8.65	P
Energy Charge:	Ŧ		
First 200 kWh per kW, per kWh	\$	0.0275	
Next 200 kWh per kW, per kWh	\$ \$ \$ \$	0.0250	
All Over 400 kWh per kW, per kWh	\$	0.0230	
Primary Discount per kW	\$	(0.50)	

Three-Phase Demand,	
Non-Dedicated Delivery Points (1,001 kW and Over)	
Option B Low Load Factor (below 50%)	
Customer Charge per Delivery Point	\$ 575.00 per month
Demand Charge, All kW During Month	\$ 4.80
Energy Charge:	
First 150 kWh per kW, per kWh	\$ 0.0420
Over 150 kWh per kW, per kWh	\$ 0.0360
Primary Discount per kW	\$ (0.50)
Large Industrial Customers Served Under Special Contract	
Dedicated Delivery Points (Class C)	
Facilities Charge per Assigned Dollars	
of Kenergy Investment for Facilities	1.30% per month

Outdoor Lighting:

e

U		Tariff		Monthly
Туре	Watts	Schedule		Charge
	400		•	
High Pressure Sodium	100	11	\$	6.95
High Pressure Sodium	250	11	\$	9.98
High Pressure Sodium	400	11	\$	11.39
Metal Halide	100	11	\$	6.53
Metal Halide	400	11	\$	13.45
Mercury Vapor	175	11	\$	7.16
Mercury Vapor	250	11	\$	8.45
Mercury Vapor	400	11	\$	9.98
High Pressure Sodium	100	12	\$	6.95
High Pressure Sodium	250	12	\$	10.10
Metal Halide	100	12	\$	6.53
Metal Halide	400	12	\$	13.24
Mercury Vapor	175	12	\$	7.16
Mercury Vapor	400	12	\$	10.02
Mercury Vapor	400	12	\$	10.00
High Pressure Sodium	100	13	\$	18.98
High Pressure Sodium	140	13	\$	17.36
High Pressure Sodium	70	13	\$	9.83
Mercury Vapor	70	13	\$	9.83
High Pressure Sodium	1,000	14	\$	26.17
High Pressure Sodium	1,000	14	\$	26.17
High Pressure Sodium	250	14	\$	8.99
High Pressure Sodium	250	14	\$	10.27
High Pressure Sodium	400	14	\$	11.39
High Pressure Sodium	400	14	\$	12.75

# Outdoor Lighting: (Continued)

inng. (Continued)		Tariff	Monthly
Туре	Watts	Schedule	Charge
Metal Halide	1,000	14	\$ 26.17
Metal Halide	1,000	14	\$ 26.17
Metal Halide	250	14	\$ 8.61
Metal Halide	250	14	\$ 9.91
Metal Halide	400	14	\$ 11.36
Metal Halide	400	14	\$ 12.50
High Pressure Sodium	100	14	\$ 10.95
Metal Halide	100	14	\$ 9.67
Metal Halide	100	14	\$ 9.48
Metal Halide	175	14	\$ 10.84
Metal Halide	175	14	\$ 10.96
Metal Halide	175	14	\$ 11.74
Basket			\$ 2.49
Meadow Hill			\$ 2.25
Spottsville			\$ 2.83

Poles:

Туре	Description	Tariff Schedule	Monthly Charge
Steel	25 ft.	14	\$ 6.35
Steel	30 ft.	14	\$ 7.15
Steel	39 ft.	14	\$ 12.02
Wood	30 ft.	14	\$ 3.98
Aluminum	28 ft.	14	\$ 8.18
FI. Fiberglass	15 ft.	14	\$ 8.74
Fl. Aluminum	14 ft.	14	\$ 9.60
Wood	30 ft.	12	\$ 2.13
Aluminum	28 ft.	12	\$ 5.12

Cable Television Attachment Tariff:

			Yearly Charge
Two-Party Pole Attachment Three-Party Pole Attachment Two-Party Anchor Attachment Three-Party Anchor Attachment	,	\$ \$ \$	5.24 4.12 10.25 6.83

# SPECIAL CHARGES

Turn on, reconnect, termination – After regular hours	\$	90.00 per trip
Residential Deposit	\$	190.00
Extensions to Permanent Underground Service Installation of Trench and Conduit	Provi	ided by Customer
Differential (Underground Minus Overhead)	Tren	3.54 per foot energy provides ch & Conduit) sual conditions

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