



## Daviness County Fiscal Court

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Al Mattingly

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COUNTY COMMISSIONERS  
Charlie Castlen – Central Division  
Mike Koger – Eastern Division  
George Wathen – Western Division

October 19, 2020

CASE # 2020-00215

Members of the Kentucky Public Service Commission  
P.O. Box 615  
211 Sowers Blvd.  
Frankfort, KY 40602

Commissioners,

Since my opposition to Kenergy's proposal was referenced, I would like to respond to Kenergy's final brief to the Commission.

I am surprised that at the eleventh hour Kenergy has changed their preference on how to subsidize their non-regulated, for-profit affiliate. From the July 17<sup>th</sup> application until their final brief Kenergy maintained their preference for providing \$3 million start-up capital:

- Kenergy's Application Item 20 states that "(t)he advantage to this approach {\$3 million capital investment} is that the risk is a one time investment of an amount that is significantly less than the reduction in available credit that would result from having a potential obligation for an annual letter of credit."
- Kenergy's Response to Commission First Data Request Item 5, Kenergy stated that providing a letter of credit "involves placing Kenergy's assets at risk to support the letter of credit guarantee."
- Kenergy's Supplemental Response to Commission First Data Request Item 5 goes further stating that "guaranteeing a letter of credit {is} (both a subsidy and placing the assets of Kenergy subject to recourse)."

Now Kenergy states that method is their preference, as the former preference of transferring \$3 million to "prime the pump (Brief Page 4)" and a "one time cash outlay (Hohn testimony Q13)" is now viewed merely a stopgap short term measure - implying more money will be needed in the future.

On Page 3 of their brief, Kenergy states, regarding the need for broadband, "See plethora of public comment filed herein. (2)

(2) Those in need of broadband services in unserved and underserved areas lack lobbyists and political action committees. They come armed with only their voice and their public comment has been loud and clear. **Of the four negative public comments, one was by a supporter of a wireless internet provider in parts of Kenergy's territory and the other is by an association of companies that have yet to provide**

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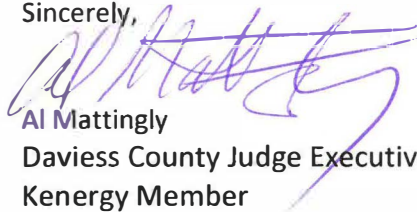
PUBLIC SERVICE  
COMMISSION

**broadband service in large amounts of unserved portions of Kenergy's territory. The referenced wireless provider recently received a Delta Regional Authority grant to upgrade its service."** (Kenergy's emphasis)

Please note that this action is about using the assets or capital of the cooperative to subsidize a non-regulated affiliate. I would venture to say that very few, if any, of the "plethora" of support letters referenced, or even included the word, subsidy. The letters only stated support for the provision of broadband services. Also for Kenergy to add that my letter was because I was a "supporter" of Connect GRADD is misleading and disingenuous. I stated in my letter that I was Chairman of Connect GRADD, a publicly owned provider. I also stated I was a Kenergy member and supported bringing broadband to the public – but not at the expense of increased electric bills.

Finally, on Page 10, Kenergy states "the matter of construction of the fiber is the subject of a future Certificate of Public Convenience and Necessity filing in which many matters raised by the KCBA may be raised." By this statement, Kenergy admits that this subsidy waiver request and the request to borrow at least \$165 million are completely separate issues and the decision on this issue is irrelevant to the \$165 million issue. In other words, this waiver, if granted, should not be used as an excuse, or justification, for granting future requests by Kenergy.

Sincerely,



Al Mattingly  
Davie County Judge Executive  
Kenergy Member