

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENERGY)	
CORP. FOR A GENERAL ADJUSTMENT OF)	CASE NO.
RATES PURSUANT TO STREAMLINED)	2021-00066
PROCEDURE PILOT PROGRAM)	
ESTABLISHED IN CASE NO. 2018-00407)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO KENERGY CORP.

Kenergy Corp. (Kenergy), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on April 29, 2021. The Commission directs Kenergy to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kenergy shall make timely amendment to any prior response if Kenergy obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kenergy fails or refuses to furnish all or part of the requested information, Kenergy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kenergy shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Exhibit 2, Seventh Revised Sheet 162A.
 - a. Explain why the customer deposit is being increased approximately 15 percent.
 - b. Provide the calculation for the proposed \$315.00 deposit amount.
2. Refer to the Application, Exhibit 2, Third Revised Tariff Sheet No. 32 (Exh. B).

a. For the proposed Returned Check Charge, explain why the bank charge decreased from \$3.52 to zero.

b. For the Turn-On, Reconnect, Termination, Special Meter Reading, and Meter Test estimates, explain why only one half hour is required to perform the services during normal business hours but two hours are required for overtime.

c. Explain the basis for the \$0.575 mileage rate and why the rate is doubled for overtime.

d. Recent Commission decisions concerning special nonrecurring charges have found that as personnel are paid during normal business hours, estimated labor costs previously included in determining the amount of nonrecurring charges should be eliminated from these charges.² Explain why the proposed increases to Kenergy's nonrecurring charges include labor and why the inclusion is reasonable.

3. Refer to the Application, Exhibit 3, Third Revised Sheet 32B.

a. Explain whether Kenergy still has customers who read their own meters, and if so, provide the number during the test year.

b. Explain why Kenergy waits six months before sending a Service Technician out if a meter has not been read by the customer.

c. Provide the number of customers who self-read meters.

² See, Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021). See also, Case No. 2020-00338, *Electronic Application of Licking Valley Rural Electric Cooperative Corporation For A General Adjustment of Rates Pursuant to Streamlined Procedure Pilot Program Established in Case No. 2018-00407* (Ky. PSC Apr. 9, 2021).

d. Explain whether Kenergy has plans to change out the meters to eliminate customer meter reading.

e. Explain whether Kenergy allows customers to opt out of AMI service, and if so, what the fee is.

4. Refer to the Application, Exhibit 3, Fourth Revised Sheet 76 (Exh. A).

a. Explain whether the proposed CATV pole attachment rates apply the formula prescribed in Administrative Case 251-42.³

b. Provide the revenue by category that Kenergy received during the test year for the six categories of CATV Attachments contained in Kenergy's CATV tariff approved on May 20, 2016, and on file with the Commission.

5. Refer to the Application, Kenergy_Rev_Req.xlsx, tab 1.01 FAC. The figures listed in column F do not match the amounts submitted during the monthly FAC filings (see below); reconcile the difference.

<u>Month</u>	<u>Application Revenues</u>	<u>Monthly Filings Revenues</u>
Jan	\$ 317,904	\$ 318,757
Feb	3,345	3,354
Mar	131,420	131,739
Apr	26,679	26,731
May	57,672	57,795
Jun	(2,335)	(2,340)
Jul	177,359	177,664
Aug	14,645	14,669
Sep	(111,410)	(111,596)
Oct	49,109	49,189
Nov	82,360	82,574
Dec	128,838	129,177

³ Administrative Case No. 251-42, *The Adoption Standard Methodology for Establishing Rates for CATV Pole Attachments* (Ky. PSC Nov. 15, 1982).

6. Refer to the Application, Kenergy_Rev_Req.xlsx , Tab 1.13 Labor.
 - a. Provide a breakdown of the Incentive awarded to each employee as described in note 5, and describe the safety, performance, financial, and customer service goal(s) required to receive an award.
 - b. Provide a breakdown of the Christmas bonus by employee as described in note 6.
 - c. Provide a breakdown of CEO Bonus to Deferred Compensation as described in note 7.
7. Refer to the Application, Kenergy_Present_Proposed_Rates.xlsx, Tab Res-1, Cell L17. Explain the rationale for subtracting 3,280,157 from the annual kWh billing units.
8. Refer to the Application, Exhibit 2, Kenergy_COS_2019.xlsx, Tab Billing Det, Row 40, Average Demand. If the formula for Average Demand is monthly energy usage (kWh) divided by the number of hours in a month, then explain why the calculated total monthly number of hours is not consistent across the test year.
9. Refer to the Application, Exhibit 2, Kenergy_COS_1029.xlsx, Tab ZeroInt.
 - a. If the account where the minimum system was applied, specifically Account 364, as well the inputted allocation for the overhead and underground conductor was changed so that the percentage is classified as 100 percent demand-related so to be consistent with prior Commission Orders, provide a revised Exhibit 2.
 - b. Provide support as to why Kenergy believes the Commission should be consistent with the last base rate case and not adjust the classification of the overhead

and underground conductors from 84.46 percent demand-related and 15.54 percent customer-related.

10. Refer to the Direct Testimony of Jeff Hohn (Hohn Testimony), page 4, lines 14–16.

a. Big Rivers Electric Corporation (BREC) is anticipating an increase in demand and energy usage due to the expansion of its industrial load. Explain whether Kenergy is anticipating any of the economic benefits of this expansion.

b. Kenergy has been experiencing a slow decline in residential customers. Explain whether this trend is expected to continue over the next five years, and if so, what actions Kenergy is taking toward further economic development.

11. Refer to the Hohn Testimony page 6, lines 10–12. Mr. Hohn discusses increasing the employee share of health insurance premiums from 10 percent to 16 percent. Also refer to the Direct Testimony of John Wolfram (Wolfram testimony) page 15, lines 14–16. Mr. Wolfram states that no adjustment is required because the contribution is not zero.

a. Provide the board of director minutes or resolutions that made this change.

b. Explain whether the Pro Forma Ending December 31, 2019 amount Health, Life, Disability should be adjusted to reflect this change in premiums and, if not, why not.

c. Provide the adjustment to account for the increased employee contribution which occurred outside of the test year and why this is not appropriate.

d. Explain whether the increase in employee share of health insurance premiums extends to all Kenergy employees and, if not, the reasons why not.

12. Refer to the Direct Testimony of Steve Thompson (Thompson Testimony), page 4, lines 13–16. Since the year 2019 reasonably reflects a calendar year of performance by Kenergy, explain how Kenergy’s performance in the year 2020 compares to 2019.

13. Refer to the Thompson Testimony, page 4, lines 20–21, and page 5, lines 1–3.

a. Provide Kenergy’s loan covenants.

b. State whether Kenergy has been in default of the mortgage requirements in the last six years.

c. Provide an update to Exhibit 34 for 2020 and 2021 listed by month.

14. Refer to the Thompson Testimony, page 5, lines 5–10. The last refinancing case was approved in Case No. 2015-00191.⁴ Explain whether Kenergy has examined other opportunities to lower its debt costs.

15. Refer to the Thompson Testimony, page 5, lines 10–12.

a. Explain whether the statement means that since 2015, vegetation management contractor costs increased \$1.8 million each year or in total since 2015.

b. Explain how often Kenergy bids out its vegetation management contract and for what length of time.

⁴ Case No. 2015-00191, *Application of Kenergy Corp. for Authorization to Borrow \$27,814,894 from CFC and Execute Necessary Notes and to Prepay Rural Utilities Service Treasury Notes of the Same Amount* (Ky. PSC Aug. 11, 2015).

c. Provide the annual amounts budgeted for vegetation management annually, the amounts actually spent annually, the annual number of miles cleared and treated, and the annual number of miles required per the vegetation management contract.

d. Provide the amount of annual right-of-way tree trimming expense budgeted, the amount actually spent, and the annual number of miles cleared since Kenergy's last rate case.

e. Explain whether Kenergy only bid out the circuits to be trimmed in 2021, and if so, explain why a multi-year request for proposal was not issued and whether this contributed to the higher 2021 cost.

f. Provide the Request for Proposals and the recommendation report to management.

16. Refer to the Application, Exhibit 11. Provide a document showing employee wage increases and bonuses over the last five years and a justification for the wage increase or bonus.

17. Provide the amount of late fees assessed during the test period separately between residential and commercial customers.

18. Provide the number of times each of the following nonrecurring charge was assessed, cost support for and the total amount in the test period:

- a. Turn-on charge, regular working hours, and overtime.
- b. Reconnect charge, regular working hours, and overtime.
- c. Termination or field collection, regular working hours, and overtime.
- d. Special Meter reading charge.

- e. Meter Test Charge.
- f. Returned Check Charge.
- g. Remote Disconnect Charge.
- h. Remote Special Meter reading Charge.

19. Provide the number of disconnections and reconnections for 2018, 2019, and per month for 2020 and 2021.

20. Provide the number of customers who participate in the prepay pay program annually since 2015.

21. Explain whether meters are tested by Kenergy personnel or sent off for testing. If the meter is tested at Kenergy, explain whether a Service Technician performs the test and whether the Service Technician and the testing equipment certifications are up to date.

22. Provide an update to all rate case expenses with invoices.

23. Refer to the Wolfram Testimony, Exhibit JW-8, page 2 of 2.

a. Explain which transformers are actually being purchased currently as existing transformers are being replaced.

b. Explain which size transformers are in the field on residential customer premises currently and which size transformers are being installed on new or being replaced on residential customer premises currently.

24. Refer to Kenergy's Tariff, Schedule 5 – Three-Phase Demand (Non-Residential) Non-Dedicated Delivery Points (0 – 1,000 kW), current demand charge of \$5.78.

25. Provide the tariff demand charge Kenergy is charged for BREC for this rate class.

a. If the demand charged to Kenergy by BREC as reported above is greater than \$5.78, explain why Kenergy is not asking to increase the demand charge to Schedule 5 customers.

b. Refer to the Application, Kenergy_COS_2019.xlsx, Tab Summary of Rates. The cost of service study estimates the demand charge for Schedule 5 customers to be \$11.38. Explain whether Kenergy supports a revenue neutral design in which the energy charges for Schedule 5 customers is decreased and the demand rate is increased so that it is closer to the cost to serve.



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DATED APR 14 2021

cc: Parties of Record

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