



P.O. Box 18 • 6402 Old Corydon Road
Henderson, Kentucky 42419-0018
(800) 844-4832

RECEIVED

JAN 14 2014

PUBLIC SERVICE
COMMISSION

January 13, 2014

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

RE: Case No. 2013-00385

Dear Mr. Derouen:

Enclosed for filing please find Kenergy's response to the Commission's Second Data Request (original plus 8 copies) in the above referenced matter.

Your assistance in this matter is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Steve Thompson". The signature is fluid and cursive.

Steve Thompson
Vice President - Finance

cc: Office of Attorney General, Utility and Rate Intervention Division
Michael L. Kurtz, Esq., Attorney for KIUC

CASE NO. 2013-00385

VERIFICATION

I verify, state and affirm that the data request responses filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Steve Thompson
Steve Thompson, Vice President - Finance

STATE OF KENTUCKY

COUNTY OF: DAVIESS

The foregoing was signed, acknowledged and sworn to before me by Steve Thompson, this 13th day of January, 2014.

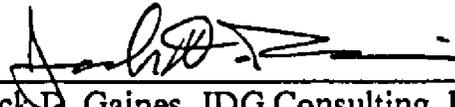
My commission expires Oct. 16, 2016

Berita M. Martin - 4744934
Notary Public, State of Kentucky at Large

(seal)

VERIFICATION

I verify, state, and affirm that I prepared or supervised the preparation of the responses to data requests filed with this verification and for which I am listed as a witness; and, that those responses are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



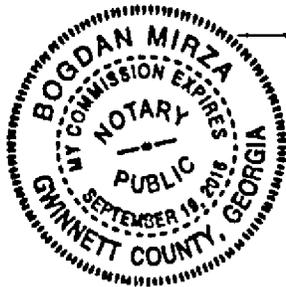
Jack D. Gaines, JDG Consulting, LLC

STATE OF GEORGIA

COUNTY OF: Barrow

The foregoing was signed, acknowledged and sworn to before me by Jack D. Gaines, this 6th day of ~~December~~, 2013.

My commission expires JANUARY 2014 9/19/2016



Bogdan Mirza
Notary Public

(seal)

**KENERGY CORP.
RESPONSE TO THE COMMISSION'S
SECOND DATA REQUEST FOR INFORMATION**

CASE NO. 2013-00385

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Item 1) Refer to the response to Item 1 of Commission Staff's First Information Request ("Staff's First Request") and Exhibit JDG-3 filed with the application, page 1 of 3. The calculation provided in response to Item 1 of Staff's First Request includes only the Member Rate Stability Mechanism ("MRSM") – Section 3 offset of \$19,999,885 in the calculation. Explain why the MRSM – Section 1 offset of \$6,950,255 found on line 6 in Exhibit JDG-3 is not also included in the calculation.

Response) It is not included because Kenergy intended to calculate a two-month's deposit before only the base rate offset was applied. Kenergy intends to request a change to the deposit when the MRSM-1 credit runs out, expected around April 2015.

Witness) Steve Thompson

**KENERGY CORP.
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Item 2) Refer to Excel spreadsheet filed in response to Item 2 of Staff's First Request, Tab JDG-3. Given the existence of the Expense Mitigation Factor, explain why the MRSM – Section 1 normalized and proposed credit amounts (found in cells F17 and G17, respectively) would be larger than the fuel adjustment clause and environmental surcharge normalized amounts found in cells F14 and F15 and the proposed amounts found in cells G14 and G15.

Response) In addition to the prevailing FAC and ES charges, the Big Rivers MRSM credit offsets the \$0.010212 per KWH wholesale FAC roll-in to base rates in Case No. 2010-00495. Therefore, it correspondingly offsets the \$0.010749 per KWH that was rolled into the Kenergy retail rates in Case No. 2010-00513. As such, the wholesale EMF of the MRSM factor in column (e), line 10 of Exhibit JDG-1 is $\$0.007 - \$0.010212 = \$(.003121)$ per KWH. The retail factor is calculated to produce a dollar for dollar pass through of the net wholesale credit. Thus, the MRSM credits on Exhibit JDG-3 are greater than the sum of the FAC and ES charges due to the FAC roll-in component included in the MRSM.

Witness) Jack Gaines

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Item 3) Refer to the response to Item 4.a. of Staff's First Request. Provide an example of the type of customer that would be a zero use customer.

Response) Meters on seasonal use homes, barns, grains bins, oil leases, hunting cabins, and traffic light signals are typical examples of accounts that can have zero usage in a month. A zero use customer was used as the example just to illustrate how flowing the base rate portion of Big Rivers' MRSB credit through the existing Kenergy Schedule MRSB would disproportionately affect retail customers. Item 3, page 2, shows a comparison at different usage levels without the proposed changes in Schedules MRSB and RER.

Witness) Jack Gaines

**Kenergy Corp.
Retail Rate Comparison
Residential Rate**

Usage Level	Present		Proposed Illustration		Difference	
	Amount	Per kWh	Amount	Per kWh	Amount	Percent
(a)	(b)	(c)	(d)	(e)	(f)	(g)
0	\$ 13.83	\$ -	\$ 17.68	\$ -	\$ 3.85	27.84%
100	\$ 22.43	\$ 0.2243	\$ 26.07	\$ 0.2607	\$ 3.64	16.22%
500	\$ 56.84	\$ 0.1137	\$ 59.63	\$ 0.1193	\$ 2.79	4.91%
1,000	\$ 99.85	\$ 0.0998	\$ 101.57	\$ 0.1016	\$ 1.73	1.73%
2,000	\$ 185.86	\$ 0.0929	\$ 185.46	\$ 0.0927	\$ (0.40)	-0.21%
3,000	\$ 271.88	\$ 0.0906	\$ 269.36	\$ 0.0898	\$ (2.52)	-0.93%

Present and proposed rate includes \$(0.003766) per kWh for, FAC, ES, MRSM, and non-FAC PPA.

Proposed rate illustration also includes \$(0.027144) per kWh for base rate credit flowing through the MRSM.

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Item 4) Refer to the response to Item 5.b. of Staff's First Request. Provide the rates currently charged to Alcoa Castings.

Response) Alcoa Castings is currently being charged the rates on tariff Schedule 35, which is the same rate it was charged before they idled their plant and allowed the contract term to expire. The current energy consumption represents usage for lighting, etc. in the idled state. Since this is a dedicated delivery point, Big Rivers continues to bill Kenergy under their large industrial rate, which requires Kenergy to bill the customer under Schedule 35.

Witness) Steve Thompson

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Item 5) Provide a copy of an actual bill with customer information redacted.

Response) Item 5, page 2 of 2, contains the above referenced information.

Witness) Steve Thompson



6402 Old Corydon Rd. - P.O. Box 18
Henderson, KY 42419-0018

Your Teachers Energy Cooperative

Contact us:
7:30-4:30 Mon-Fri
1-800-844-4832

Or visit us at:
kenergycorp.com

Account Number: 1510710302

BILLING SUMMARY

Previous Balance	142.27
Payments	142.27 CR
Balance Forward	78.00
Current Charges	133.54
Amount Due	133.54
Due After 12/29/2013	140.40

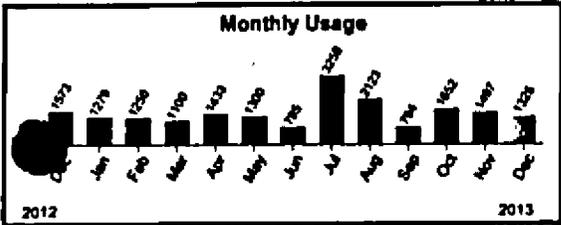
Messages:

Run ceiling fans on low, blowing up during winter to circulate heat. For more information visit us at www.kenergycorp.com.

Account # Service Add Rate 1-00 RESIDENTIAL Cycle 6

Meter Reading Details

Meter	21338671
Current Reading	11/25/2013 16008
Previous Reading	10/18/2013 14883
Total Usage	1325



	Days	Brvd	kWh/Days	Cost/Days	Avg	High	Avg	Low
This Month	38	35	\$3.35	58	37			
Last Month	26	53	\$5.08	74	55			
Last Year	39	40	\$3.17	57	38			

Detail of Charges

Customer Charge		13.83
KWH Charge	1,325 KWH @ 0.089782	118.96
Fuel Adjustment Clause	1,325 KWH @ 0.003269	4.33
Environmental Surcharge	1,325 KWH @ 0.0034046	4.51
Unwind Surcredit Adjustment	1,325 KWH @ -0.0037934	-5.03
Member Rate Stability Mechanism	1,325 KWH @ -0.0065717	-8.71
Non Fac PA Rider	1,325 KWH @ -0.0005355	-0.71
Total Power Supply Adjustments		-5.61
Rate Increase for 3% School Tax		3.82
Franchise Tax		2.54
Total Taxes and Fees		6.36
Total Amount Due		133.54



6402 Old Corydon Rd. - P.O. Box 18
Henderson, KY 42419-0018

Your Teachers Energy Cooperative

Account #:	Amount Due	12/29/2013	133.54
	Amount Due After	12/29/2013	140.40

- Check here for address/phone number change and complete back
- Check here for credit card payment and complete back

I am voluntarily donating \ adding \$ _____ to my payment for Winter Care. Date Meter Read ENTER NEW METER READING HERE / /

Kenergy Corp.
P.O. Box 1389
Owensboro, KY 42302-1389



Scan this QR code with your smart phone or tablet to access and manage your Kenergy account online or go to kenergycorp.com.

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Item 6) Calculate and provide a copy of the same customer bill based on the assumption that Big Rivers is granted its full requested increase in Case No. 2013-00199 and receives approval of its proposal to mitigate the increase using the Economic and Rural Economic Reserve funds. The proposed sample bill should reflect the tariff changes proposed by Kenergy in this case.

Response) Item 6, page 2 of 2, contains the above referenced information.

Witness) Steve Thompson



8402 Old Corydon Rd. - P.O. Box 18
Henderson, KY 42419-0018

Your True Home Energy Cooperative

Contact us:
7:30-4:30 Mon-Fri
1-800-844-4832

Or visit us at:
kenergycorp.com

Account Number: 72337220002

BILLING SUMMARY	
Previous Balance	142.27
Payments	142.27 CR
Balance Forward	0.00
Current Charges	133.54
Amount Due	133.54
Due After 12/29/2013	140.40

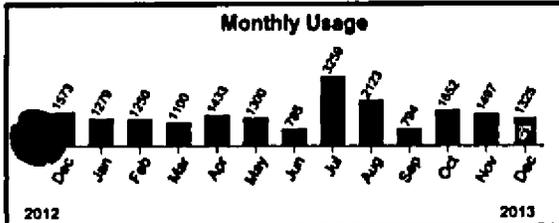
Page 1 of 2

Messages

Run ceiling fans on low, blowing up during winter to circulate heat. For more information visit us at www.kenergycorp.com

Account # Service Address Rate 1-00 RESIDENTIAL-Cycle 6

Meter Reading Details	Meter	
	21336671	
Current Reading	11/25/2013	16008
Previous Reading	10/18/2013	14683
Total Usage		1325



	Days Blvd	kWh/Day	Cost/Day	Avg High	Avg Low
This Month	38	35	\$3.35	58	37
Last Month	28	53	\$5.08	74	55
Last Year	39	40	\$3.17	57	38

Detail of Charges			
MRSM Adjustment - Reduce Base Rate Charges	21.79374%	(37.00)	
Customer Charge		17.68	
KWH Charge	1,325 KWH @ 0.114802	152.11	
Fuel Adjustment Clause	1,325 KWH @ 0.003269	4.33	
Environmental Surcharge	1,325 KWH @ 0.0034048	4.51	
Unwind Surcredit Adjustment	1,325 KWH @ -0	0	
Member Rate Stability Mechanism	1,325 KWH @ -0.010370	-13.74	
Non Fac PA Rider	1,325 KWH @ -0.0005355	-0.71	
Total Power Supply Adjustments		-5.61	
Rate Increase for 3% School Tax		3.82	
Franchise Tax		2.54	
Total Taxes and Fees		6.36	
Total Amount Due		133.54	



8402 Old Corydon Rd. - P.O. Box 18
Henderson, KY 42419-0018

Your True Home Energy Cooperative

Account #:	Amount Due	Date Meter Read	
	133.54	12/29/2013	
	140.40	12/29/2013	

- Check here for address/phone number change and complete back
- Check here for credit card payment and complete back

I am voluntarily donating \ Date Meter Read ENTER NEW METER READING HERE
adding \$_____ to my payment for Winter Care. / /

Kenergy Corp.
P.O. Box 1389
Owensboro, KY 42302-1389



Scan this QR code with your smart phone or tablet to access and manage your Kenergy account online or go to kenergycorp.com

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Item 6

**KENERGY CORP.
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Item 7) Refer to Exhibit 3 of the application, Schedule 28, Kenergy's proposed MRSM tariff.

a. Provide a sample calculation of the W_MRSM component of the MRSM formula assuming Kenergy's proposed changes to its tariff are approved.

b. Using the W-MRSM calculated in a. above, provide a sample calculation of the MRSM calculation assuming Kenergy's proposed changes to its tariff are approved.

Response a) The monthly wholesale power bill from Big Rivers will provide separately the amounts from the reserve funds for offsetting their base rate increase and that apply as the offset to FAC and ES charges.

Response b) Kenergy will use the amount applicable to FAC and ES charges to calculate its MRSM factor per KWH the same way it is currently being calculated. Hence, the Section 1 MRSM calculation will not change and will remain based on the portion of the MRSM dollars applied by Big Rivers to offset FAC and ES charges. There is no calculation similar to that being made for the current MRSM factor each month for Section 3 of the proposed Schedule MRSM. The base rate offset Kenergy will use for its retail bills will simply be the 21.79374% applied to all base rate charges. There will be no calculation required each month.

Witness) Jack Gaines