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April 5, 2012

VIA FEDERAL EXPRESS

MR JEFF DEROUEN
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC SERVICE COMMISSION
211 SOWER BLVD.
FRANKFORT KY 40602

**Re: *In the Matter of: An Investigation of the Reliability Measures of Kentucky's
Jurisdictional Electric Distribution Utilities
Case No. 2011-00450***

Dear Mr. DeRouen:

Please find enclosed the original and ten (10) copies of the Jackson Purchase Energy Corporation's (JPEC) responses to the Commission Staff's Second Request for Information to All Electric Distribution Utilities dated March 15, 2012 in regard to the above-referenced matter. Craig Gerke, Interim Vice President of Engineering, will be the witness responsible for responding to the questions related to the information provided in JPEC's responses.

Should you need additional information concerning this filing, please contact me.

Sincerely,


Melissa D. Yates
Attorney for Jackson Purchase Energy Corporation

Enclosures

cc: Counsel of Record (w/Enclosure)

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RECEIVED

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN INVESTIGATION OF THE RELIABILITY)	
MEASURES OF KENTUCKY’S)	Administrative
JURISDICTIONAL ELECTRIC DISTRIBUTION)	Case No. 2011-00450
UTILITIES)	

**RESPONSES TO COMMISSION STAFF’S
SECOND REQUEST FOR INFORMATION**

COMES Jackson Purchase Energy Corporation (hereinafter “JPEC”), through the undersigned counsel, and submits herein its responses to the Commission Staff’s Second Request for Information.

1. The following questions relate to the use of a five-year average of System Average Interruption Duration Index (“SAIDI”), System Average Interruption Frequency Index (“SAIFI”), and Customer Average Interruption Duration Index (“CAIDI”) on a circuit basis as a benchmark to determine the relative reliability of an individual circuit.
 - a. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average SAIDI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility develop and report a five-year average SAIDI on a circuit-by-circuit basis. There are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis.

- b. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher SAIDI than the utility’s five-year average SAIDI for that circuit? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility explain why a particular circuit has a SAIDI higher than the utility’s five-year average. As mentioned above there are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members,

length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis. There is the potential for a large number of circuits to have a SAIDI higher than average which would require significant resources to review the data and develop explanations for each circuit. Without knowing how the Commission plans on utilizing the data it is difficult to justify the potential added costs to our members.

- c. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher SAIDI than the five-year average? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility explain planned corrective measures for a circuit with a SAIDI higher than the utility's five-year average. As mentioned above there are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis. There is the potential for a large number of circuits to have a SAIDI higher than average which would require significant resources to review the data, develop explanations for each circuit, and develop planned corrective measures. Without knowing how the Commission plans on utilizing the data it is difficult to justify the potential added costs to our members.

JPEC responds to reliability issues as they identified through calls from members and line patrols. Corrective measures are taken or planned when outages are restored. Reporting planned corrective measures annually does not provide additional benefit to our members.

- d. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average SAIFI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility develop and report a five-year average SAIFI on a circuit-by-circuit basis. There are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis.

- e. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher SAIFI than the utility's five-year average SAIFI for that circuit? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility explain why a particular circuit has a SAIFI higher than the utility's five-year average. As mentioned above there are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis. There is the potential for a large number of circuits to have a SAIFI higher than average, which would require significant resources to review the data and develop explanations for each circuit. Without knowing how the Commission plans on utilizing the data it is difficult to justify the potential added costs to our members.

- f. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher SAIFI than the five-year average? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility explain planned corrective measures for a circuit with a SAIFI higher than the utility's five-year average. As mentioned above there are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis. There is the potential for a large number of circuits to have a SAIFI higher than average which would require significant resources to review the data, develop explanations for each circuit, and develop planned corrective measures. Without knowing how the Commission plans on utilizing the data it is difficult to justify the potential added costs to our members.

JPEC responds to reliability issues as they identified through calls from members and line patrols. Corrective measures are taken or planned when outages are restored. Reporting planned corrective measures annually does not provide additional benefit to our members.

- g. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average CAIDI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility develop and report a five-year average CAIDI on a circuit-by-circuit basis. There are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis.

- h. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher CAIDI than the utility's five-year average SAIFI for that circuit? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility explain why a particular circuit has a CAIDI higher than the utility's five-year average. As mentioned above there are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis. There is the potential for a large number of circuits to have a CAIDI higher than average, which would require significant resources to review the data and develop explanations for each circuit. Without knowing how the Commission plans on utilizing the data it is difficult to justify the potential added costs to our members.

- i. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher CAIDI than the five-year average? Explain your answer.

Response: JPEC does not believe it is reasonable for the Commission to require each utility explain planned corrective measures for a circuit with a CAIDI higher than the utility's five-year average. As mentioned above there are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and any one of these can cause significant fluctuations in the indices on a year-by-year basis. There is the potential for a large number of circuits to have a CAIDI higher than average which would require significant resources to review the data, develop explanations for each circuit, and develop planned corrective measures. Without knowing how the Commission plans on utilizing the data it is difficult to justify the potential added costs to our members.

JPEC responds to reliability issues as they identified through calls from members and line patrols. Corrective measures are taken or planned when outages are restored. Reporting planned corrective measures annually does not provide additional benefit to our members.

2. KRS 61.870 through KRS 62.884 address open records of public agencies and 807 KAR 5:001, Section 7, pertains to confidential material submitted to the Commission. Do you anticipate that some information submitted concerning the utility's circuits, whether with regard to SAIDI, SAIFI, CAIDI, or other reporting, could contain confidential, proprietary, or critical infrastructure information for which a petition for confidential information may also be submitted? Explain your answer. In your answer, provide examples of the type of information for which you may seek confidential protection.

Response JPEC does not consider information with regard to the reliability indices as confidential. However depending on information requested in "other reporting" there is the possibility of confidential information such as member names, address, and/or phone numbers.

3. Please describe your utility's current capacity to compose electronic documents.
- a. Is the utility familiar with or currently using Microsoft Office products such as MS Word or Excel? If so, include the name and version(s) of the software currently used.

Response: JPEC is familiar with all Microsoft Office products. We currently have and use Office 2003, Office 2007, and Office 2010.

- b. Describe your utility's current Internet connectivity status, including connection speed.

Response: JPEC uses AT&T as our Internet service provider. JPEC has a T1 connection rated at 1.5 mbps.

- c. Is the utility familiar with the Commission's website?

Response: JPEC is familiar with the Commission's website.

- d. Has your utility registered on the PSC website and does it have a valid username and password? (This registration would currently be used for Electronic Case Filing, Annual Reports, and Tariff Filings).

Response: JPEC has registered on the PSC website.

- e. If recommended, would your utility have technical staff available to interface with the PSC Information Services Team to assist in the design and implementation of an automated process for uploading data to the Commission?

Response: JPEC has technical staff capable of assisting in the design and implementation of an automated process but limited time.

- 4. The following questions relate to the manner by which the utility tracks SAIDI, SAIFI, and CAIDI as stated in response to Items 2. (a) and (b) of the Commission's Order of January 11, 2012.

- a. This question applies to Kentucky Power Company ("Kentucky Power"), Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Duke Energy Kentucky, Inc. ("Duke"), Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc. Grayson Rural Electric Cooperative Corporation, Inter-County Energy Cooperative Corporation, Jackson Energy Cooperative Corporation, Jackson Purchase Energy Corporation, Kenergy Corp., Kentucky Utilities Company ("KU"), Louisville Gas And Electric Company ("LG&E"), Meade County rural Electric Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, Owen Electric Cooperative, Inc., Salt River Electric Cooperative Corporation, Shelby Energy Cooperative, Inc., South Kentucky Rural Electric Cooperative Corporation, and Taylor county Rural Electric Cooperative Corporation all of which reported that they tracked SAIDI, SAIFI, and CAIDI using and outage management system or an outage management system in conjunction with an Excel spreadsheet.

- 1) Does your utility have the ability to export (or upload) the data to another database or data system (including an Excel spreadsheet) maintained by the Commission? If no, explain why.

Response: JPEC does have the capability to export (or upload) the data into another database or data system depending on the file format requested.

- 2) If not identified elsewhere, indentify the file formats to which your utility has the ability to export data.

Response: JPEC has the ability to export to most interchange formats including but not limited to: Microsoft Excel, CSV, or DBF

- b. This question applies to Cumberland Valley Electric, Inc. and Licking Valley Rural Electric Cooperative Corporation, who reported that they tracked SAIDI, SAIFI, and CAID manually. Does your utility have the ability to export (or

upload) the data to another database or data system (including an Excel spreadsheet) maintained by the Commission? If not, explain why.

Response: Not Applicable

5. Explain how the SAIDI, SAIFI, and CAIDI indices influence the allocation of capital for system improvement projects within the utility. For the Investor-Owned Utilities Kentucky Power, Duke, KU, and LG&E, explain the manner in which the parent company influences the amount and allocation of capital for system reliability improvements.

Response: JPEC does not use the SAIDI, SAIFI, or CAIDI indices when allocating money for system improvement projects. As a RUS borrower, JPEC follows the recommended RUS design guidelines as listed in RUS Bulletin 1724D-101B when preparing a construction work plan.

6. Does the utility currently share other types of data with entities outside your organization? If yes, describe those other sharing systems and data, and with whom your utility shares the information.

Response: JPEC shares reliability information with RUS on an annual basis via the Form 7.

7. Identify any disadvantages to making the reliability index numbers available on the Commission's website.

Response: Most of the general public is unfamiliar with the reliability indices and the variables that affect each one. Members could easily misinterpret the reliability numbers, causing questions and concerns that would need to be addressed by the utility.

Having the reliability numbers available on the Commission's website will lead to members comparing utilities or circuits to one another. As stated before there are many variables that can affect reliability indices (i.e. weather, vehicle accidents, geography, number of members, length of the feeder, etc.), and each of these is unique to the individual utility and circuit. Comparison of the indices without an understanding of the many variables will lead to questions that will need to be addressed by the utility.

There is also concern that reliability numbers taken out of context can have a negative impact on economic development efforts. Potential industries could use these numbers when making decisions on where to locate without having a true

understanding of the numbers. Other utilities could also use the indices out of context and try to deter companies from locating on competing utilities.

8. Identify any advantages to making the reliability index numbers available on the Commission's website.

Response: JPEC does not see any advantages to making the reliability index numbers available on the Commission's website.

9. In your opinion, what information would the utility's customers be most interested in having easily accessible? In your opinion, is it more appropriate to have this information available by circuit or system averages? How does our utility relay reliability information to your customers? Explain your answers.

Response: JPEC believes our members are most interested in having information (cause, location, duration, etc.) regarding their outage available. JPEC currently displays outage information on our website via an outage map of our system that gives outage locations and members affected.

JPEC does not believe it is appropriate to have this information available by circuit averages. Most members are not aware of the specific circuit they are fed by.

JPEC does not relay reliability information to our members unless this information is requested.

10. If not identified elsewhere, describe the reliability information available for public review on your utility's website.

Response: JPEC does not make reliability information available on the company website.

11. If the utility's customer request information from the utility on reliability measures, do you provide it? Explain your answer.

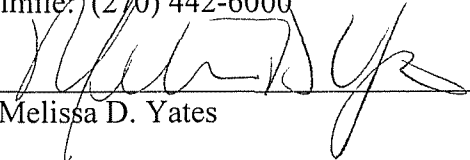
Response: JPEC will provide a member information on reliability measures when requested.

12. Does the utility have a suggestion for a better or more efficient method or manner for reporting or providing reliability information to the public?

Response: JPEC does not have any suggestions.

Respectfully submitted,

DENTON & KEULER
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Facsimile: (270) 442-6000

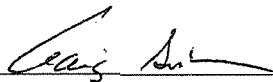
By: 
Melissa D. Yates

ATTORNEYS FOR JPEC

CASE NO. 2011-00450

VERIFICATION

The undersigned, Craig Gerke, being duly sworn, and hereby verifies that he has prepared the responses to the Commission Staff's Second Request for Information to Jackson Purchase Energy Corporation in Case No. 2011-00450 dated March 15, 2012, and that the responses are true and accurate to the best of his knowledge, information, and belief formed after a reasonable inquiry.

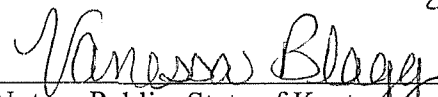


Craig Gerke, Interim Vice President of Engineering
Jackson Purchase Energy Corporation

STATE OF KENTUCKY)
)
COUNTY OF MCCRACKEN)

Subscribed and sworn to before me by Craig Gerke as Interim Vice President of Engineering of Jackson Purchase Energy Corporation this 5th day of April, 2012.

My Commission Expires: 12-22-15
457050

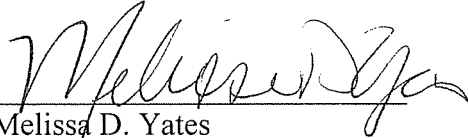


Notary Public, State of Kentucky at Large

I hereby certify that a true and correct copy of the foregoing has been served via Federal Express to:

MR JEFF DEROUEN
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC SERVICE COMMISSION
211 SOWER BLVD.
FRANKFORT KY 40602

on this 5th day of April, 2012.

By: 
Melissa D. Yates