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PUBLIC SERVICE
COMMISSION



Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
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Frankfort, Kentucky 40601

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August 8, 2013

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

Dear Mr. DeRouen:

Enclosed please find an original and ten copies of Louisville Gas and Electric Company and Kentucky Utilities Company Testimony of Paul Gregory ("Greg") Thomas, as requested in the Commission's Order dated July 9, 2013 in the above-referenced proceeding.

Enclosed is a facsimile of the verification page for Mr. Thomas. A signed original verification page will be submitted within the next week.

Should you have any questions please contact me at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Rick E. Lovekamp".

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE RELIABILITY)	
MEASURES OF KENTUCKY'S)	CASE NO. 2011-00450
JURISDICTIONAL ELECTRIC)	
DISTRIBUTION UTILITIES)	

REHEARING TESTIMONY OF
PAUL GREGORY "GREG" THOMAS
VICE PRESIDENT, ENERGY DELIVERY - DISTRIBUTION OPERATIONS
LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY

Filed: August 8, 2013

1 **Q. Please state your name and business address.**

2 A. My name is Paul Gregory “Greg” Thomas. I am currently employed as Vice President,
3 Energy Delivery – Distribution Operations for LG&E and KU Energy LLC, which
4 provides services to Louisville Gas and Electric Company (“LG&E”) and Kentucky
5 Utilities Company (“KU”) (collectively, the “Companies”). My business address is 220
6 West Main Street, Louisville, Kentucky 40202.

7 **Q. What is the purpose of your testimony?**

8 A. As directed by the Commission’s July 9, 2013 Order in this proceeding, my testimony
9 addresses the points the Companies raised in their June 21, 2013 Motion for
10 Reconsideration and Clarification. More particularly, I address the Companies’ request
11 that the Commission modify its same-circuit-comparison reporting requirement to make
12 it more meaningful by requiring Corrective Action Plans only for each of those circuits
13 whose one-year System Average Interruption Duration Index (“SAIDI”) or System
14 Average Interruption Frequency Index (“SAIFI”) exceeds its own rolling-five-year
15 SAIDI or SAIFI average by at least two standard deviations. I further ask the
16 Commission to extend the reporting deadline for a given year’s data from April 1 of the
17 following year to July 1 of the following year, even if the Commission adopts the
18 Companies’ modified Corrective Action Plan requirement. Finally, I ask the
19 Commission to affirm Commission Staff’s views from the June 28, 2013 technical
20 conference, namely that the new reporting requirements supplant, not supplement, the
21 previous requirements, and that the new reporting requirements are not new *de facto*
22 distribution-reliability standards.

23 **Q. Please clarify the Companies’ concerns about the same-circuit-comparison**

1 **reporting requirement in the Commission's May 30, 2013 Order.**

2 A. The Commission's May 30, 2013 Order in this proceeding requires each utility to report
3 an extensive list of information "[f]or each circuit with either SAIDI or SAIFI value
4 higher than that circuit's respective SAIDI or SAIFI rolling five-year average, excluding
5 MEDs [Major Event Days]," including a Corrective Action Plan for the circuit and any
6 other information to help the Commission understand the circuit's performance. The
7 Companies noted in their Motion for Reconsideration and Clarification that, at least in
8 some years, this requirement may result in the Commission's receiving no significant
9 reporting or action plans for consistently poorly performing circuits while receiving
10 extensive reporting and action plans for well-performing circuits that have slightly-
11 worse-than-average years. The Companies' Motion further stated that such reporting
12 would create increased administrative burdens for utilities and potentially increased costs
13 for customers without providing the Commission information on circuits that might need
14 improvement.

15 I would like to clarify that the Companies do not object to supplying the circuit-
16 level data the Commission has requested. Neither do the Companies object to providing
17 Corrective Action Plans for circuits with abnormal performance issues that require
18 explanation or correction; indeed, the Companies annually review circuit-level data for
19 all of their circuits and develop and execute improvement plans for circuits identified as
20 needing improvement. But as I previously testified, the Companies maintain data on, and
21 calculate reliability metrics for, over 1,700 Kentucky-jurisdictional circuits. In any
22 given year, there could be hundreds of circuits with performance data slightly less
23 favorable than their rolling-five-year averages, even though they continue to be high-

1 performing circuits. Particularly if the number of circuits for which the Companies must
2 create Corrective Action Plans ranges into the hundreds, it will be difficult to study,
3 analyze, and provide Corrective Action Plans by April 1 of the following year. Corrective
4 action planning normally continues throughout the year after circuits are prioritized and
5 often requires field visits before a quality plan can be developed.

6 **Q. What is the Companies' current annual process for evaluating distribution**
7 **reliability and creating and implementing improvement plans for circuits that need**
8 **to improve?**

9 A. The Companies have a well-established annual process for analyzing and providing
10 improvement plans for individual distribution circuits. At the beginning of each year, the
11 Companies gather reliability data for all of their circuits. They then analyze the data to
12 determine which circuits need improvement. After the Companies identify a circuit as
13 needing improvement, they begin a root-cause analysis for the circuit. The first step in a
14 root-cause analysis is to review the circuit's history in the Companies' database by
15 examining the various causes of the circuit's outages to determine which causes have
16 most contributed to SAIDI or SAIFI issues for the circuit. After identifying the most
17 important outage causes, the Companies review the circuit's individual event data to
18 determine what kinds of solutions might improve the circuit's performance. The
19 Companies' personnel then physically examine the circuit in a field evaluation to verify
20 and modify the results of their root-cause analysis and to develop a specific improvement
21 plan for the circuit. The field-work portion of the process, which results in the creation
22 and implementation of improvement plans, occurs throughout the year, not during a few
23 months at the beginning of the year.

1 **Q. What is the Companies' proposal for an alternative reporting requirement that**
2 **would provide the Commission all of the circuit-level data it has required while**
3 **reasonably reducing burdens on utilities?**

4 A. The Companies' proposal is to keep all of circuit-level reporting requirements from the
5 May 30 Order, modifying only the Corrective Action Plan component to require plans
6 only for each circuit whose one-year SAIDI or SAIFI exceeds its own rolling-five-year
7 average by two standard deviations. This approach will ensure the Commission receives
8 all the circuit-level data the May 30 Order requires, as well as Corrective Action Plans for
9 circuits whose performance has declined by statistically significant amounts and should
10 be explained or corrected. The Companies' proposed approach will likely result in the
11 Commission's receiving Corrective Action Plans for 2% to 3% of the circuits in
12 Kentucky in an average year. This approach to Corrective Action Plans will focus
13 utilities' and the Commission Staff's efforts on circuits that appear to require further
14 investigation and potential investments. Absent such a tailoring of the Corrective Action
15 Plan requirement, utilities and the Commission Staff will likely use considerable
16 resources creating and reviewing Corrective Action Plans—in some years, perhaps over
17 1,000 plans for all jurisdictional utilities—for circuits that may not require correction.

18 **Q. Is April 1 a feasible deadline for the reporting the Commission has required, even if**
19 **it accepts the Companies' proposal?**

20 A. No, April 1 is not a feasible deadline. As I explained above, the Companies' current
21 annual distribution-reliability analysis and improvement processes are year-round
22 endeavors. To ensure the Corrective Action Plans maintain the quality of the Companies'
23 current improvement plans, the Companies respectfully ask the Commission to extend the

1 reporting deadline to July 1, even if the Commission accepts the Companies' two-
2 standard-deviation proposal.

3 **Q. Are there any other points the Companies ask the Commission to clarify or**
4 **reconsider?**

5 A. Yes, there are two other issues we ask the Commission to clarify. Both are issues
6 Commission Staff addressed at the June 28 technical conference; the Companies ask the
7 Commission to affirm Commission Staff's views.

8 First, the Commission's May 30 Order did not expressly state whether the new
9 reporting requirements were to replace or supplement the requirements established in
10 Administrative Case No. 2006-00494. At the technical conference, Commission Staff
11 stated the new requirements will replace, not supplement, the previous requirements. The
12 Companies respectfully ask the Commission to affirm that position.

13 Second, the Commission's May 30 Order did not state explicitly whether the new
14 reporting requirements were also new *de facto* distribution-reliability standards. As the
15 Companies stated in their Motion for Reconsideration and Clarification, the new same-
16 circuit-comparison reporting requirements should not be used to judge the reasonableness
17 of a utility's distribution service because it could lead to inefficient distribution
18 investment decisions. The Commission Staff indicated at the technical conference that
19 they did not intend or perceive the new reporting requirements to be *de facto* distribution-
20 reliability standards. The Companies respectfully ask the Commission to affirm that
21 position, as well.

22 **Q. Does this conclude your testimony?**

23 A. Yes.

APPENDIX A

Paul Gregory (Greg) Thomas

Vice President Energy Delivery-Distribution Operations
LG&E and KU Services Company
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Louisville, KY 40202
(502) 627-4743

Education

University of Tennessee, B.A. in Mechanical Engineering, 1979

Previous Positions

LG&E Energy Services Inc. 2003 - 2007 - Director Energy Delivery
Kentucky Utilities 2000-2003 - Director Distribution Operations
Kentucky Utilities 1997-2000 - Regional General Manager
Kentucky Utilities 1994-1997 - Division Vice President
Kentucky Utilities 1992-1994 - Lexington District Manager
Kentucky Utilities 1992 - Division Engineer
Kentucky Utilities 1990 - 1992 Field Operations Coordinator
Kentucky Utilities 1989 - 1990 Local Manager
Kentucky Utilities 1986 - 1989 Customer Service Engineer
Kentucky Utilities 1980 - 1986 Technical Engineer Substations