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July 18, 2013

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

RE: Owen Electric Cooperative, Inc.
Case No. 2013-00230

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of Owen Electric Cooperative, Inc.'s response to the report contained in the Commission's Order dated June 28, 2013.

Please contact me with any questions.

Respectfully yours,

CRAWFORD & BAXTER, P.S.C.

James M. Crawford
Attorney for Owen Electric Cooperative, Inc.

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

OWEN ELECTRIC COOPERATIVE	)	
	)	**CASE NO. 2013-00230**
ALLEGED FAILURE TO COMPLY WITH KRS 278.042	)	

OWEN ELECTRIC COOPERATIVE, INC.'S RESPONSE TO COMMISSION'S ORDER DATED JUNE 28, 2013

Comes now Owen Electric Cooperative, Inc. ("OEC"), by and through counsel and for its Response to the Commission's Order dated June 28, 2013, respectfully states as follows:

1. OEC Safety Manual, Sections 3, 311-L and 311-S, and Sections 6, 617-M, 621-B, and 621-H were violated as proper vehicle operation and chassis grounding requirements were not observed.
2. NESC Section 44, Rule 441.A.1.a-c, and OEC Safety Manual Section 3, 313-U and Section 6, 621-C were violated as clearance requirements for aerial lifts and derricks were not observed.
3. NESC Section 42, Rule 420.H and Section 44, Rule 446.B.3 and OEC Safety Manual, Section 6, 621-G were violated as protective devices on the vehicle were not utilized.
4. NESC Section 42, Rules 420.C.4, 421.A.1&2, and 422.A.2 were violated as proper safeguarding procedures on the job site were not observed by utility staff.
5. After the incident of September 6, 2012, which was the subject of the violations outlined above, OEC held six safety meetings with crew personnel to specifically discuss the events that led to the incident. These meetings served as a re-training on certain

provisions of the OEC Safety Manual. A copy of the powerpoint presentation used during these safety re-training sessions is included as Exhibit 1 to OEC's Response.

6. On September 24, 2012, OEC closed its offices for 30 minutes in order to have a company-wide Safety Stand Down to discuss, with all OEC employees, the September 6, 2012 incident.

7. Not only did OEC deliver this presentation to OEC personnel, but also shared the presentation at the Kentucky Roundtable of Utility Safety ("KRUS") on February 28, 2013. KRUS members are comprised of electric, telephone, gas, and cable personnel, as well as utility contractors.

8. OEC has engaged Caterpillar Safety Services ("Caterpillar") to conduct a Safety Perception Survey, Safety Interviews, and START (Supervisor Training in Accident Reduction Techniques) Workshops. The Scope of Work from the Caterpillar proposal is included as Exhibit 2 to this Response. Please note that the Safety Perception Survey was completed in May 2013, and Caterpillar is compiling the results of the survey. The survey results are intended to: measure employee perceptions as a means to build on safety culture strengths and weaknesses; identify how well management practices are driving safety performance; determine gaps between management and front-line employees; provide an independent view of the effectiveness of its incident prevention and safety processes; illustrate how well management philosophies have been integrated into the safety management process; and place emphasis on potential safety system improvements. Safety interviews are scheduled on July 30, 2013. Caterpillar will issue a written report, which will incorporate findings from both the survey and interviews. The START workshops are scheduled for September 10-12, 2013.

9. The OEC Board of Directors and Management emphasize a culture of safety at OEC, as safety is one of OEC's major initiatives in its strategic plan. OEC received the Governor's Safety Award on August 30, 2012; this award was in recognition of 521,240 hours without a lost-time accident.

WHEREFORE, OEC acknowledges the violations outlined in the Commission's June 28, 2013 Order and respectfully requests that the Commission consider the steps OEC has taken since the September 6, 2012 incident in rendering its decision in this matter.

Dated at Owenton, Kentucky, this 18th of July 2013.

RESPECTFULLY SUBMITTED,

Hon. James M. Crawford
Counsel for Owen Electric Cooperative, Inc.
Crawford & Baxter, P.S.C.
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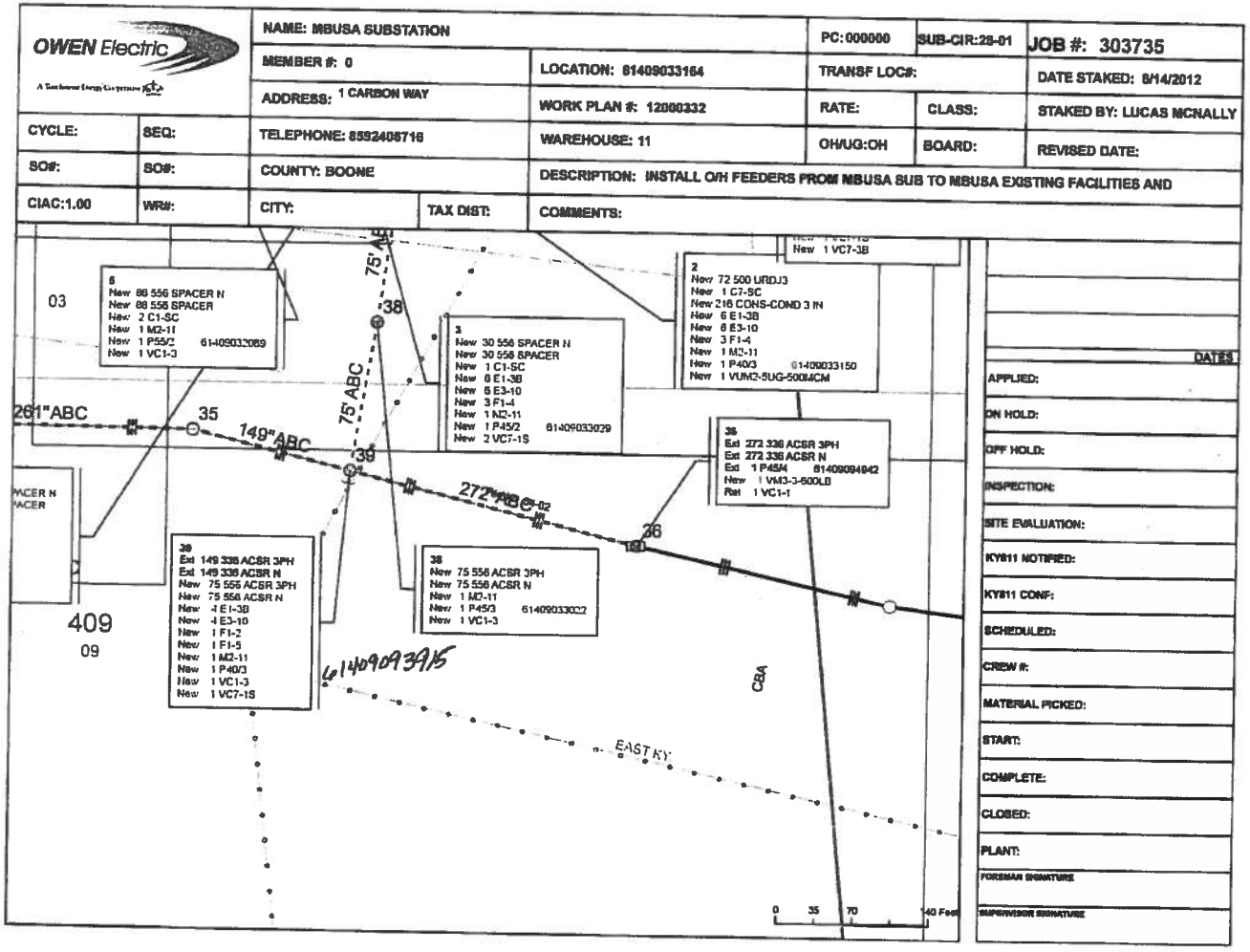
Exhibit 1

Electric Contact
9/6/2012

Prior to the Contact

The Contact Worksite



Positioning of Equipment

Positioning of Equipment

Contact Points

Digger Outrigger

Tamp Hose

Rear Digger Wheel

Contact Victim's Location

Screw Ground

Pole Guards

Line Hoses

Fiberglass Wasn't Extended

Set so close this was the only extension made.

OEC Safety Manual

- **621 Derrick Trucks, Cranes, etc.**

- a) With exception of equipment certified for work on the proper voltage, mechanical equipment shall not be operated closer to any energized line or equipment than the clearances set forth in Table 6.1-6.4.

- b) All derricks, aerial device, cranes, and lifting equipment engaged in work or load hoisting near energized lines or equipment shall utilize chassis grounding (See footnote (a). When utilizing chassis grounding with two or more vehicles at the same job site (within 50'), all vehicles shall be bonded together with only one (1) cable attached to the main grounding point. This procedure applies regardless of boom and/or pedestal insulation. (***NOTE*** vehicle grounding cables shall not be raised or lowered: in the basket of an aerial lift, or held by an employee working from an aerial lift. Only approved raising or lowering methods (hand-line or winch-line) shall be used when raising or lowering a grounded conductor on any pole or tower.

- 1. Vehicle chassis grounding shall be used unless the installation of such

  grounding equipment creates jobsite hazards which could result in an unsafe work environment for employees and/or public. In these conditions the employee in charge of the worksite may opt not to use chassis grounding. Vehicle barricading may be utilized, this change in procedure shall be noted on job briefing form.

- c) When any part of a derrick or lifting device or any part of the load being hoisted is at or inside of the minimum approach distance for the voltage being worked (refer to OEC Safety Manual table 6.1) of energized lines or equipment, the operator shall remain on the vehicle. **Employees working on the ground shall not contact the vehicle or vehicles (unless using rubber protective equipment insulated for the voltage being worked).** ***NOTE*** at this time the vehicle(s) shall be considered as energized. The crew chief or designated employee in charge shall be responsible for alerting crew members when this equipment is to be considered energized and also given the "ALL CLEAR" when equipment is clear of the minimum approach distance (refer to OEC Safety Manual table 6.1) and is safe to enter, exit and/or contact. Crews may also wish to barricade vehicle with traffic cones.

- d) When a derrick truck is used as an aerial platform all manufacturers' recommendations shall be strictly followed.

- e) Only those derricks equipped from the manufacturer with optional aerial platforms shall be used as such. All safety procedures applying to insulated aerial basket work shall apply.

- f) When a derrick truck is used as an aerial platform in the vicinity of lines and equipment considered to be energized or that could become energized, an electrically insulated basket liner SHALL BE used.

- g) When a derrick truck is used as an aerial platform in the vicinity of lines and equipment considered to be energized or that could become energized, **the fiberglass insulated section of the boom SHALL BE fully extended at all times the platform is in use.**

- h) When a derrick truck is used as an aerial platform in the vicinity of lines and equipment considered to be energized or that could become energized**, the boom winch line must be removed from the boom tip and stored on the winch drum.**

- i) When the optional aerial platform is not in use it SHALL BE stored in a manner according to manufacturers recommendations.

- k) Winch lines or cables shall not be used as slings. All material, loads, etc to be lifted or pulled via hoist or winch shall be attached to winch/hoist cable by use of approved sling or chain. A winch or hoist line or cable shall not be connected to itself.

Set so close this was the only extension made.

Errors of Omission

- Failure to extend fiberglass section of boom and keep clearance between conductive section of boom and energized conductor.
- Employee contacted vehicle while boom was within minimum approach distance of energized conductor.

Properly Applied Safety Procedures Saved a Life!

- Trucks Grounded
- Station OCR in Non-Reclose
- 3 Pole Guards on pole to be set
- Line Being Covered
- Employee to set pole w/Proper PPE
- Employee in Bucket Proper PPE

Questions ?

Exhibit 2

Safety Perception Survey, Interviews, and START Workshops

Proposal

December 12, 2012
Job Number: 1498

Mark Stallons
Owen Electric Cooperative

CATERPILLAR®

Caterpillar Safety Services
(A business unit of Caterpillar Inc.)
501 S.W. Jefferson Ave.
Peoria, IL 61630-2136
866.963.3551

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Introduction

Owen Electric Cooperative ("Owen Electric") has requested that Caterpillar Safety Services (a business unit of Caterpillar Inc.) provide a proposal to conduct a Safety Perception Survey, Interviews, and START Workshops.

Safety Perception Survey

Following is a description of the scope and methodology for Caterpillar Safety Services to conduct a Safety Perception Survey among 135 Owen Electric employees at one (1) location and two (2) departments. Implementing the survey will support and further Owen Electric's commitment to ensuring jobsite safety by establishing a baseline safety-culture assessment, in addition to:

- Measuring employee perceptions as a means to effectively build on safety culture strengths and address weaknesses across the 20 Safety Culture Indicators.
- Identifying how well management practices are driving safety performance.
- Determining the gaps in beliefs between management and employees on the front line.
- Providing an independent and objective view of the effectiveness, strengths and weaknesses of its incident prevention and safety processes.
- Illustrating how well management philosophies have been integrated into the safety management process.
- Placing emphasis on potential safety system improvements that will further strengthen incident prevention-processes and drive performance.

The 20 categories measured by the Safety Perception Survey (SPS) include:

Attitude towards Safety	Incident Analysis	Recognition for Performance
Awareness Programs	Inspections	Safety Climate
Communication	Involvement of Employees	Safety Contacts
Discipline	Management Credibility	Substance Abuse
Employee Training	New Employees	Support for Safety
Goals of Safety Performance	Operating Procedures	Supervisor Training
Hazard Correction	Quality of Supervision	

- **Communicating Survey Implementation**
  The Owen Electric team leader will receive a Safety Perception Survey kit to communicate the process internally. Caterpillar Safety Services provides project communiqués, a PowerPoint presentation, and coaching to assist in the survey rollout. Management's presence — genuine involvement — is integral to a valid outcome and long-term success.

- **Questionnaire**
  The questionnaire is computer-scored from a pre-printed form with a customized heading for Owen Electric. Anonymity is preserved; survey respondents identify themselves by department and job only, not by name.

- **Data Collection**
  Data collection can be administered by paper, online or the combination of both; however, this proposal is based on traditional pencil-to-paper implementation, where all employees are asked to complete a scan form.

- **Interpretation & Report**
  Fielding the survey and tabulating the results without compromising data integrity are integral components of a safety assessment, but the lasting value is derived from the study's meaning. Caterpillar Safety Services specialists analyze each of the safety management categories, contrast against industry data, and draw attention to where improvements are needed. A report includes an executive summary of key findings and a summary of strengths and weaknesses based on perceptions of the composite sample. The final deliverable is sent electronically for client review. Once approved, Caterpillar Safety Services will then provide a final report in CD and print.

Sample Table
Percent Positive and Perception Gaps

Following is an example of a report table; the three "Percent Positive" columns on the left are percent of positive responses. The "Perception Gap" columns on the right highlight significant culture differences between personnel segments.

	Percent Positive			Perception Gap		
Category	Employees	Supervisors	Managers	Employees	Supervisors	Managers
Recognition for Performance	70.4	81.5	76.1	15.8	8.1	6.6
Substance Abuse	70.7	80.7	74.9	14.1	5.9	7.2
Operating Procedures	71.4	76.6	76.4	7.2	7.0	0.2
Employee Training	73.5	82.0	83.9	11.7	14.2	2.2
Inspections	75.2	83.0	85.1	10.3	13.1	2.5
Supervisor Training	75.7	93.5	84.3	23.5	11.4	0.5
Hazard Correction	89.2	93.7	93.3	5.0	4.6	0.5
Combined Score	80.0	86.6	85.2	8.4	6.6	3.2
Respondents	356	32	67			

Needs immediate attention (< 75%)
Needs improvement (75% - 89%)
Strong performance (≥ 90%)
Needs attention (≥ 14% perception gap)

- **Survey Implementation Milestones**
  From start to finish, the following "pencil to paper" implementation milestones can be completed within eight weeks (assuming that the client begins implementation during the same week of receiving their forms).

  Send Data Request Form for the client to specify department and employee categories. Requested turn-around time from client..... 7 days

  Upon return of the Data Request Form, a Draft Scan Form will be created and sent to the client for approval ..... 2 days

  Upon approval of the Draft Scan Form, the requested number of forms will be printed and shipped with an overrun of approx. 5% in case extra forms are needed. Also included are the Implementation Communication Kit instructions (on CD) ..... 2 days

  When the survey has been completed by all respondents, the forms are sent back to Caterpillar Safety Services where they are quality checked, counted, and processed ..... 3 days

Tabulation and processing (regardless of sample size)..... 7 days

After tabulation, the charts are created from which the report is based..... 3 days

Data report is analyzed by Caterpillar Safety Services SME for review, interpretation/ analysis and report writing..... 14 days

Caterpillar Safety Services will work with Owen Electric to establish a specific schedule upon contract approval.

Interviews

Following the completion of the Safety Perception Survey, a Caterpillar Safety Services specialist will conduct one-on-one and / or small group interviews with a small sampling of employees. The Caterpillar Safety Services interview methodology is effective in gathering insight into the perceptions and attitudes that further explain attitudes behind the Safety Perception Survey quantitative "numbers." The Caterpillar Safety Services interviewer will gather perceptions, opinions and insights of the current activities, accountabilities and daily practices. Findings will be summarized by highlighting strengths and vulnerabilities — defined as areas that may prevent the organization from attaining a sustainable zero-incident culture.

- **Sample**: The interview is designed to gather qualitative in-depth information and does not require all employees to be interviewed. Typically, the Caterpillar Safety Services specialist works with the safety team leader to select or "handpick" respondents who represent various levels and disciplines throughout the company:
    - Representation from management levels
    - Representation from supervisor/foreman/lead personnel
    - Representation from hourly-wage earners across various frontline positions

  The hourly personnel will be interviewed in groups. Overall, Caterpillar Safety Services recommends that the sample include respondents with plant/operator-level responsibilities; these non-salaried respondents should include only those who have demonstrated an active interest in safety.

  Upper management and supervisor interviewees are those who have some operations responsibilities who have regular, consistent interaction with front-line workers.

  Other selection criteria may include length of tenure with the company, level of experience, positions of authority, or discipline/skill sets.

- **Questions**: To ensure relevance within a relatively short time frame, the series of questions are open-ended to optimize discussion and elicit in-depth responses. In addition to the client-requested questions, the interview focus will pertain to "obstacles of success," six criteria for safety excellence, and the six levels of safety performance.

- **Process**: Before the onsite interviews, a Caterpillar Safety Services safety professional will provide the Owen Electric team leader with the proposed questions for review. Once the series of questions is approved, the Caterpillar Safety Services safety specialist and Owen Electric team leader will schedule the onsite day for interviews. The Owen Electric team leader is also responsible for:
    - Identifying a potential pool of participants who represent all relevant departments and levels.

- Communicating the process and schedule to prospective participants.

The goal is to conduct 8-10 interview sessions per day; a single "interview" is defined as either a one-on-one interview or a group discussion. The recommended interview approach for the three hierarchical segments:

- Upper management-grade (salaried) respondents one-on-one
- Supervisor/foreman/lead in groups of two to four
- Hourly personnel in groups of three to five

The interviews should be conducted in a relatively private space or anywhere that is free of distraction and conducive to conversation (i.e., removed from noise and traffic). Although participants should be briefed about the process and its objectives, no preparation is needed. In fact, there should be no prior coaching on "how to respond" or "what to say."

Interview sessions take 45 to 60 minutes to complete. Each respondent will be reminded that Owen Electric is conducting this assessment in an attempt to recognize and improve the safety management of Owen Electric. To ensure candor, names and departments will remain anonymous. These interviews are used to document a snapshot of current safety practices, identify incident prevention activities and their role, and elicit suggestions for improvement.

Report

An overall assessment report, incorporating findings from both the survey and the interviews, will be provided in written form. The final deliverable is sent electronically for client review. Once approved, Caterpillar Safety Services will produce a final report in CD and print.

Report-Out

An onsite facilitated report-out not only presents the results of the assessment and invites discussion, but also provides a general overview of how to apply the findings into action-items and form safety improvement teams.

START Workshop

Caterpillar Safety Services will provide two one-day START Workshops. The START workshop is designed to help supervisors foster an environment where safety is an integrated process equal to quality, production, and delivery. The one day course emphasizes the importance of safety accountability, multi-causation of incidents, recognition and motivation, and explains how supervisors can shape a safety culture that prevents incidents.

Consulting Team

The Caterpillar Safety Services consulting team represents an experienced roster of safety professionals with extensive field experience in a variety of industries. Each is adept at combining insight, dialog and life experiences toward the development of zero-incident performance.

Mike Brodock

Mike Brodock brings to Caterpillar Safety Services over 21 years of experience in the fields of civil engineering, environmental health and safety, fleet management and leadership development. He holds academic degrees in civil engineering technology, safety and health and a master's degree in

management, as well as a trained ISO14001 & 18000 Lead Auditor. He also served five years in the United States Coast Guard as an engine room engineer and electrical technician. Mike is adept at leveraging his exceptional interpersonal abilities to build strong working relationships and achieve team objectives.

David Crouch

David Crouch has served since 1979 as a human resource and organizational development professional helping individuals, families, churches and businesses of all types build and sustain safety and cultural excellence in whatever endeavors they pursue. His passion for excellence and values-driven approach enable him to relate to most anyone in any environment pursuing excellence as a chief aim. David has served professionally in several industry environments including hospitality, food service, healthcare and manufacturing. He received his academic degrees from the University of North Carolina - Chapel Hill (B.S. Business Administration) and Western Carolina University (M.S. Organizational Development).

Charles Doane, CSP

Charles Doane has a professional safety career that spans 25 years of leading safety in a variety of industries, ranging from mining and manufacturing to high tech and the rental equipment business. As Director of Corporate Safety, Charles has led successful culture change initiatives within Fortune 500 organizations such as Phelps Dodge Corporation, Freeport-McMoRan and Litton Industries, as well as smaller businesses throughout the world. Charles has developed expertise in a number of critical areas, including human error analysis, design of sophisticated EHS management systems and strategic initiatives; implementation of OHSAS 18001 certification processes, development of leading safety measures, creative ideas for inspiring and empowering employees on safety, and incorporating safety as a personal and organizational value. Charles is proficient in the design and delivery of high quality safety leadership workshops, safety training courses, and educational programs. His leadership and experience encompasses both domestic and international locations. Charles holds a Bachelor of Science degree in Chemical Engineering and a Masters Degree in Environmental and Safety Management, both from Arizona State University. He is a certified safety professional and is a member of a number of professional associations in the Health and Safety community.

Todd Efird, CSP

With more than 22 years of safety management experience, Todd Efird is a long-time CSP and professional member of the ASSE (Arkansas Chapter). As a key member of the Caterpillar consulting team, Todd's expertise is founded in leadership and accountability training, which he has used extensively to support companies such as Atkinson Construction, MeadWestvaco, Knife River Corporation and Baxter Healthcare. Prior to joining Caterpillar Safety Services, Todd held key leadership positions with Gerdau AmeriSteel (Director of Corporate Safety); Sara Lee Corporation (Division Director EHS); LifeStyle Furnishings International (Corporate Safety Manager). He received his board certification as a Certified Safety Professional (CSP) in 1995. Todd earned a Bachelor of Science degree in Industrial Engineering from Louisiana Tech University.

Brett Haskins, CSP

Brett Haskins is a Certified Safety Professional with more than 18 years of experience working with executives to front-line employees to establish, bolster and sustain safety management systems and culture. Brett has successfully implemented environmental, health, and safety management systems within multiple industries and under various leadership types. Most recently, he served as the Director of Environmental, Health and Safety for ThyssenKrupp Steel USA. He also served as Safety Director for Nucor Steel. In both roles, he worked with leaders to establish safety management systems and personally implemented key initiatives and metrics needed to measure the success of those systems. Brett holds a Bachelor of Science degree from Murray State University, where he studied Occupational Safety & Health and Criminal Justice.

Zach Knoop

Zach Knoop is an accomplished safety professional with more than 12 years of experience in the fields of street and highway construction, construction materials and mining. As Director of Corporate Safety for a

Fortune 500 company, Zach championed a successful safety culture change initiative that included providing management and leadership training, conducting safety perception surveys, guiding continuous improvements teams and developing accountability systems. In 2011, Zach was named the National Stone, Sand, and Gravel Association's James M. Christie Safety and Health Professional. He received his academic degrees from the University of North Dakota (B.S. Environmental Geology and Technology and M.S. Industrial Technology, emphasis in Occupational Safety and Health).

Chip Steensma, CEHSA, SSBB

Chip Steensma joins Caterpillar Safety Services with more than 20 years of experience leading safety, quality and environmental improvement workshops, conducting system assessments and implementing best management practices. He has an extensive manufacturing background, and has worked in several high-level engineering and operations management capacities. Chip learned the techniques and tools of continuous improvement and 6-sigma early in his career while working in the automotive industry and has been able to practice these methods across a variety of businesses. He has a strong track record of success and is highly recommended by past clients due to his ability to communicate concepts, promote teamwork and remain focused on the team's objectives. His client list includes, Tyco, Sauder Furniture, Kellogg's, Lear Corp., Concentra Medical, JCI, Ottenweller Co., and John's Manville, among others. Chip holds a Bachelor of Science degree in Mechanical Engineering Technology from Regents College (A.S. from Penn State), is a Six-Sigma Black Belt (TQM Network/NAVL) and is a Certified OHSAS18001/ISO14001 Lead Auditor (RAB/QSA).

Mike Williamsen, Ph.D.

Mike Williamsen is a nationally recognized workplace safety consultant with more than 25 years of safety and business change management experience. His background includes serving in Engineering, Operations, and Safety Manager positions for companies such as Frito-Lay, Inc. and General Dynamics. In 1985, Mike teamed with safety author Dr. Dan Petersen for three years to develop and implement a nationwide safety accountability and continuous improvement system that helped a *Fortune 20* company reduce injuries by 80% within two years. Since that time Mike has applied these and other high-impact safety principles with similar success to other *Fortune 500* companies, such as General Dynamics, Baxter Healthcare, ATCO Electric, Rohm and Haas Co., and BASF. He received his academic degrees from the University of California, Berkeley (B.S.), California State University, Hayward (MBA) and Columbia Southern University, Orange Coast, Alabama (Ph.D., Business)

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