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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Daniel E. Logsdon Jr.
Commissioner

March 10, 2015

PARTIES OF RECORD

Re: Case No. 2014-00437
Jackson Purchase Energy Corporation
Alleged Failure to Comply with KRS 278.042

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum concerning the March 2, 2015 informal conference, please do so within five days of receipt of this letter. If you have any questions, please contact Aaron Ann Cole, Staff Attorney, at 502-782-2591.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

AAC/ph

Attachments

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2014-00437

FROM: Aaron Ann Cole, Staff Attorney

DATE: March 10, 2015

RE: Jackson Purchase Energy Corporation
Alleged Failure to Comply with KRS 278.042

Pursuant to the Commission's February 3, 2015 Order, an Informal Conference ("IC") was held on March 2, 2015.¹ A list of the attendees is attached to this memorandum.

Commission Staff stated that the purpose of the conference was to discuss the show cause proceeding and noted that a summary of the meeting would be prepared after the conclusion of the IC and sent to Jackson Purchase Energy Corporation ("JPEC").

Commission Staff and JPEC discussed the pending show cause action. Commission Staff asked JPEC about its current policies regarding the hiring of independent contractors and its interactions with the individual crews sent by the independent contractors to the job sites. JPEC gave a detailed explanation of its hiring process and its oversight of the crews hired by the independent contractors. JPEC also answered questions from Commission Staff regarding its safety manual, as adopted from the American Public Power Association safety manual, and its review of the safety manuals and safety procedures of its independent contractors. JPEC discussed the contracts its independent contractors sign, specifically the termination clauses within these contracts. Commission Staff and JPEC also discussed the specific incident at issue in this matter.

An agreement in principle was reached between JPEC and Staff to enter into a stipulation of facts and settlement in an effort to resolve all issues in this case. JPEC agreed to pay a monetary penalty in the amount of \$10,000 and, among other things, to thoroughly review the safety manuals of its independent contractors before hiring to ensure that the standards set forth in the independent contractors' safety manuals are at least equal to or exceed the standards set forth in JPEC's own safety manual and to encourage its independent contractors to adopt JPEC's safety manual. JPEC also

¹ This informal conference was initially scheduled to be held on February 18, 2015. However, JPEC filed a motion on February 18, 2015 to continue the informal conference due to inclement weather, which was granted in an Order issued by the Commission on February 23, 2015.

agreed to take into consideration the standards set forth in the independent contractors' safety manuals into its hiring criteria. JPEC further agreed to integrate this review into its pre-qualification review of independent contractors during the bidding and hiring process.

Commission Staff asked if there were final comments or questions about the agreed penalties. There being no further discussions, the IC was adjourned.²

Attachment

² Following the conference in electronic mail correspondence JPEC stated it would submit a motion to suspend or cancel the March 17, 2015 hearing in this matter.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JACKSON PURCHASE ENERGY)
CORPORATION)
) CASE NO. 2014-00437
)
_____)
)
ALLEGED FAILURE TO COMPLY WITH)
KRS 278.042)

March 2, 2015

Please sign in:

NAME

REPRESENTING

<u>Ann Ann Cole</u>	<u>PSC - legal</u>
<u>Jonathan Beyer</u>	<u>PSC - legal</u>
<u>Kyle Willard</u>	<u>PSC Engineering</u>
<u>Melissa Yates</u>	<u>JPEC</u>
<u>Scott Ribble</u>	<u>JPEC</u>
<u>STEVE KINGSOLVER</u>	<u>PSC ENGINEERING.</u>
<u>Scott Morris</u>	<u>PSC Engineering</u>
<u>JEFF JOHNSON</u>	<u>PSC Engineering</u>
_____	_____
_____	_____
_____	_____
_____	_____

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