

February 6, 2012

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PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission Kentucky
211 Sower Boulevard
Frankfort, KY 40602

Subject: Administrative Case No. 2011-00450

Dear Mr. Derouen:

Please find enclosed the original and 10 copies of the information requested in the Appendix of Case No. 2011-00450, An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities dated January 11, 2012. Chris Brewer, Vice President of Power Delivery, will be the witness responsible for responding to questions related to the information provided.

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

Sincerely,

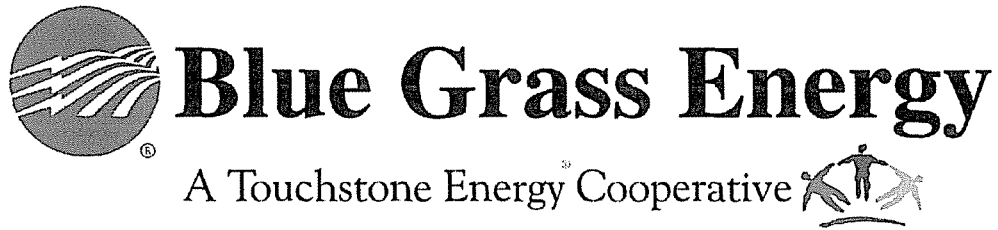


Michael I. Williams

*President/CEO
Blue Grass Energy*

Enclosures

Copied To: Service List Parties



Administrative Case No. 2011-00450

In the Matter of:

An Investigation of the Reliability Measures
of Kentucky's Jurisdictional Electric
Distribution Utilities

February 6, 2012

Blue Grass Energy

1. The following questions relate to the data maintained by each utility.
 - a. Identify the number of circuits currently maintained by the electric utility.

Response: 134

- b. Does the utility calculate separate SAIDI, SAIFI and CAIDI indices for each circuit? If no, explain why not and explain the degree to which the utility tracks the following:
 - (1) SAIDI;
 - (2) SAIFI; and
 - (3) CAIDI.

Response: Yes, we calculate separate indices for each circuit.

- c. Identify any other reliability indicator or measure the utility uses to assess reliability. Explain the significance of each indicator or measure used. Does the utility maintain these indicators or measures for each circuit?

Response: One other indicator that we track is the number of re-closer operations that occur on a circuit level. This is used in the investigation of reports of blinking lights.

Witness: Chris Brewer

Blue Grass Energy

2. The following questions refer to the manner in which each utility calculates and tracks SAIDI, SAIFI and CAIDI indices.

- a. Identify the manner in which the indices are calculated and tracked; i.e., manually (Excel spreadsheet), or an electronic or mechanized (outage reporting) system.

Response: The indices are calculated and tracked using an excel spreadsheet. All outages are tracked using an outage management system. The information that is used in the excel spreadsheet is obtained from the outage management system.

- b. If the response to Item 2.a. above is electronic or mechanized, provide a description of the system and explain whether it was developed internally or purchased from a third-party vendor. If purchased from a third-party vendor, provide the name of the vendor and an estimate of the original cost of the system.

Response: The outage management is a system that receives customer outage calls from multiple sources, such as an automated phone system and also from contact with a customer service representative. These outage calls are plotted in the OMS on a geographic map and circuit model. This circuit model has the connectivity of all utility line protective devices. A process runs as calls are plotted and a prediction of the first common protective device is marked as predicted out. Times are recorded and alarms are sent to an operator/dispatcher that will then dispatch a crew to verify the predicted device and repair the problem. These times are recorded along with causes of the outage and logged into the system for reporting the number of outages and duration of these outages.

The outage system is Milsoft's DisSpatch outage management system. This was purchased several years ago from Milsoft Utility Solutions and has been upgraded on multiple occasions since its initial purchase. As the system is currently implemented for Blue Grass Energy the total cost of the system would be \$88,750 based on current retail pricing.

- c. If the response in Item 2.a. above is manually, provide a description of the elements tracked. Discuss in detail any inquiry made into the internal development of an electronic or mechanized system or any consideration of the purchase of a system from a third-party vendor.

Response: Please see the responses to 2.a. and 2.b.

Witness: Chris Brewer

Blue Grass Energy

3. Concerning SAIDI, SAIFI and CAIDI reporting: the Commission directed that the reporting be based on the criteria and definitions set forth in the IEEE Standard.

a. If the utility does not follow the IEEE Standard, explain why not. Explain what standard(s) the utility does follow in its calculation of SAIDI, SAIFI and CAIDI

Response: Blue Grass Energy follows the IEEE standard.

b. Does the utility track and review SAID, SAIFI and CAIDI monthly, quarterly or annually?

Response: Blue Grass Energy tracks and reviews the indices monthly.

c. Are SAIDI, SAIFI and CAIDI tracked on a rolling 12-month period or for a more discrete period of time; i.e., monthly, quarterly or annually?

Response: The indices are tracked monthly, year-to-date and annually.

d. Currently, in each annual report submitted pursuant to the Final Order in Case No. 2006-00494, each utility provides system-wide SAIDI, SAIFI and CAIDI calculated for a calendar year. Identify any other preferred 12-month reporting parameter; i.e., calendar year, fiscal year or some other 12-month method.

Response: Blue Grass Energy feels that the calendar year is the most reasonable preferred reporting parameter.

e. Does the utility review SAIDI, SAIFI and CAIDI by any discrete fashion such as by division, district, region or some other method?

Response: Blue Grass Energy tracks the outage indices company-wide and by our four area districts.

Witness: Chris Brewer

Blue Grass Energy

4. The following questions relate to the requirement that each utility report the ten worst-performing circuits for each index in the annual report submitted pursuant to the Final Order in Case No. 2006-00494.

- a. If the utility does not track SAIDI, SAIFI and CAIDI for each circuit, explain how the ten worst-performing circuits are identified.

Response: Blue Grass Energy tracks the indices by circuit.

- b. Does the utility see benefit in expanding the reporting of the worst-performing circuits to the 15 or 20 worst-performing circuits for each index?

Response: Blue Grass Energy believes the current practice of reporting 10 circuits is sufficient.

- c. Identify any alternative to reporting the ten worst-performing circuits that the utility utilizes to determine system reliability.

Response: Blue Grass Energy tracks the three outage indices and re-closer operations on a circuit level to assess system reliability.

Witness: Chris Brewer

Blue Grass Energy

5. The following questions relate to the identification of the ten worst-performing circuits for each index.
- a. Provide an explanation of the actions taken by the utility once the ten worst-performing circuits for each index have been identified. Include the typical steps taken to correct the reliability issues relating to the ten worst-performing circuits for each index.

Response: Blue Grass Energy typically corrects the cause of the outage at the time of the outage or within a short amount of time of the outage. Thus the causes of the outages are typically corrected before the ten worst-performing circuits are determined.

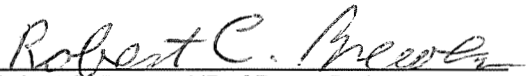
- b. Provide a timeline of the typical steps taken to correct reliability issues relating to the ten worst-performing circuits for each index.

Response: Blue Grass Energy does not have a precise timeline related to the ten worst-performing circuits as noted in response to 5.a. However, we do review our worst performing circuits as one of the steps in determining the need for line construction projects within our Construction Work Plans. Blue Grass Energy also reviews the ten worst performing circuits as a part of the vegetation management plan.


Witness: Chris Brewer

CERTIFICATION

Robert Chris Brewer, state that I am the Vice President of Power Delivery at Blue Grass Energy Cooperative Corp., and I have personal knowledge of the prepared responses to the questions from the Commission Staff in Case No. 2011-00450 dated January 11, 2012, and that the responses are true and correct, to the best of my knowledge, after a reasonable inquiry.


Robert C. Brewer, VP of Power Delivery
Blue Grass Energy Cooperative Corp.

Subscribed and sworn to before me by Robert Chris Brewer, this 6 day of February, 2012.


Notary Public
State of ~~Kentucky~~
County of ~~Fayette~~ 405077

My Commission Expires: 9/18/13

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