



Meade County RECC

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March 28, 2012

MR JEFF DEROUEN
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION OF KENTUCKY
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COMMISSION

Subject: Administrative Case No. 2011-00450

Dear Mr. Derouen:

Please find enclosed the original and 10 copies of Meade County Rural Electric Cooperative Corporation's information as requested in the Commission Staff's Second Request For Information To All Electric Distribution Utilities dated March 15, 2012. David Poe, Vice President Operations, 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,

Burns Mercer
President/CEO

Enclosures

Copy To: Service List Parties

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PUBLIC SERVICE
COMMISSION

**MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION**

ADMINISTRATIVE CASE NO. 2011-00450

In the Matter of:

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

March 28, 2012

Original

**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
ALL ELECTRIC DISTRIBUTION UTILITIES**

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: Response below

- 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: Response below

- 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: Response below

- 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: Response below

- 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 SAIDI for that circuit? Explain your answer.

Response: Response below

- 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: Response below

- 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: Response below

- 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 SAIDI for the circuit? Explain your answer.

Response: Response below

- 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: Response below

Responses to 1. a. b. c. d. e. f. g. h. i.

To deem a requirement reasonable hinges upon the expected benefits from it and compare them to the resources and efforts needed to accomplish it. First, additional programming will be required to track such data and indices on a per-year basis to obtain the averages. Also, added resources, such as manpower and time, will be needed to review and evaluate the results; such resources are limited.

Because `averages' are a product of data values both higher and lower, each circuit will likely show some nonconformance at some time whether there are any addressable concerns present or not. Therefore, the expected benefit of labeling a circuit's reliability as sufficient or not is not foolproof or accurate using these guidelines.

Analyzing every circuit each year and documenting the reason(s) the indices are above the average can be daunting, especially considering that a high calculated Tmed from previous years can allow unreasonable outage days to be counted in following years as recently experienced after the ice storm of 2009. The concern is `Can the utility or the Commission reasonably utilize the huge amount of data effectively and fully?'; That is problematic.

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: In general, there would not be any information confidential regarding the SAIDI, CAIDI, and SAIFI indices themselves. However, underlying data used to derive these indices could be sensitive and considered useful if in the wrong hands. Vandals may use consumer count and outage count in a manner that could lend assistance in theft and other unlawful activities based upon consumer expectations of their power reliability and the quantity of houses that could be affected in an outage.

While concerns with confidentiality are not so grave, concerns with consumer data overflow and misconceptions is a much larger issue. Understanding the reliability indices require careful thought for utility personnel who work with it often; however, the average individual can easily misinterpret the values. If the indices are posted or publicized the utilities will be inundated with questions, concerns, and complaints from the consumers not understanding or perceiving why their circuit may not have the most attractive index value.

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: .Yes, Meade County currently uses Word 2010, Excel 2010, PowerPoint 2010, Outlook 2010, and Access 2010.

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

Response: Meade County RECC has a DSL connection for internet connectivity. This connection is 5 MBps download and 2 MBps upload.

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

Response: Yes

- 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: Yes

- 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: Yes. Costs would be involved from vendors to implement this automated process. Depending upon the manpower needed to implement and maintain, the utility may have to add staff though.

- 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 an 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 data base or data system (including an Excel spreadsheet) maintained by the Commission? If not, explain why.

Response: Yes. This export (or upload) would need to be set up and would be able to be done on a monthly basis.

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

Response: The file formats Meade County RECC can export are text files, CSV files, and XML files using SOAP transfer.

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

another data base or data system (including and Excel spreadsheet) maintained by the Commission? If not, explain why.

Response: Not applicable to Meade County Rural Electric Cooperative Corporation

8. 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: The allocation of funds is based upon the needs for improvements. Those needs may be based upon system loading, system strengthening, enhanced member support systems and facilities, new services, and load forecasts. Improved reliability is a byproduct of the majority of those areas. For example, MCRECC has aggressively been replacing and upgrading aging conductor in order to maintain a system operating with acceptable and reasonable life-expectancies. As a result, there are positive effects displayed in the system's reliability. RUS (Rural Utility Services) reviews and inspects the Cooperative's operations in order to approve loan funds; however, reliability indices or count are not criteria that RUS uses to justify loan approval or declination.

9. 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: No

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

Response: There are multiple disadvantages in publicizing the reliability indices.

- **Lack of consumer understanding**

As previously noted in this inquiry, the average consumer will have difficulty understanding and differentiating the indices. Publicizing them will create confusion and a large influx of questions, misinterpretations, and concerns of which utilities will have to address and allocate additional resources.

- **Incomparable of circuit indices**

A utility's circuits are as diverse as utilities themselves. There are circuits that have few accounts but may have little exposure to the world. In contrast, there are circuits with many members that may have much exposure. There are circuits in wooded areas, protected

areas (state forests and parks, military bases, etc.), marshy areas, rocky areas, hilly areas, flat areas, and many other diverse types of terrain and human/wildlife exposure. Each has its own uniqueness which has its own effect upon the reliability indices. Short and sparsely populated circuits in a hilly or marshy terrain may not experience high SAIFI numbers but may have exhibited high SAIDI or CAIDI due to the huge efforts and time needed to restore the few outages they could encounter. On the other hand, a longer circuit with many accounts in an easily accessible area may have a larger SAIFI index but a much smaller SAIDI or CAIDI. Explaining to and expecting the general public to understand and accept is not advisable.

- **Incomparable utility indices**

For the same reason one should not expect the general public to understand the basis behind the circuit indices, posting the utilities' indices is not advisable either. One cannot expect a utility that serves a hilly or mountainous area to have SAIDI's comparable to one that serves a flatter, easily accessible terrain. Explaining these reasons and differences for each utility will be a daunting task; therefore, posting these indices of each utility for the public's observance is not advisable.

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

Response: MCRECC knows of no advantages

12. 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 your utility relay reliability information to your customers? Explain your answers.

Response: MCRECC gauges itself by its members' satisfaction. This utility performs surveys that ask questions of members to determine how well the Cooperative is performing. If reliability is an area of concern for our members, we shift or increase our focus towards it. This Cooperative can and does provide reliability information to its members via its annual membership meeting and its monthly membership magazine when deemed necessary.

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

Response: Reliability information is not available on the utility's website.

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

Response: We have never been asked for any except for an individual's account documentation describing outages for possible insurance purposes.


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

Response: As stated earlier, MCRECC believes a consumer's satisfaction is the most important aspect of reliability, thus the reason for this utility's focus on meeting the customer's needs and expectations.

MCRECC also feels that possible concerns or issues regarding a utilities' reliability would be more appropriately addressed via an informal conference with the Commission rather than publicly displaying such data. It is felt that those individuals and entities knowledgeable of the indices and the system can make the most appropriate determinations.

CERTIFICATION

David Poe, being duly sworn, states that he has prepared Meade County Rural Electric Cooperative Corporation's response to the questions from the Commission Staff's Second Request For Information To All Electric Distribution Utilities 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.



David Poe
Vice President Operations
Meade County Rural Electric Cooperative Corporation

Subscribed and sworn to before me by David Poe, Vice President Operations, this 28th day of March 2012.



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COUNTY OF MEADE

My Commission Expires: 3-18-2016
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