

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH KENTUCKY RURAL)	
ELECTRIC COOPERATIVE)	
CORPORATION)	
_____)	CASE NO. 2017-00095
)	
ALLEGED FAILURE TO COMPLY)	
WITH KRS 278.042)	

ORDER

By Order issued on March 10, 2017, the Commission initiated this proceeding to determine whether South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”) should be subject to the penalties prescribed in KRS 278.990, for alleged violations of KRS 278.042, which requires the Commission to ensure that each electric utility constructs and maintains its plant and facilities in accordance with accepted engineering practices as set forth in the Commission’s administrative regulations and orders and the most recent edition of the National Electrical Safety Code (“NESC”). Under 807 KAR 5:041 , Section 3(1), the Commission requires utilities to construct and maintain plant and facilities in accordance with engineering practices set forth in the NESC.

The violations giving rise to this case involve an incident that occurred on August 12, 2016, when Byron Koontz, a line technician with South Kentucky, sustained injuries when he came into contact with an energized phase conductor. At the time of the incident, Mr. Koontz and Robert Edwards, a South Kentucky service technician and person in charge, were in the process of repairing a downed single-phase conductor on Highway

1956 in Pulaski County. Mr. Koontz was attempting to splice the broken conductor when he removed his rubber gloves and made contact with the two ends of the conductor. Mr. Koontz sustained burn injuries upon making contact with the energized conductor. The South Kentucky employees incorrectly assumed the downed phase conductor was de-energized and failed to isolate, test for voltage and ground the conductor. Additionally, there was no documented job briefing completed before this job was started.

On March 30, 2017, South Kentucky filed a response to the Commission's March 10, 2017 Order in which it denied that it violated, willfully or otherwise, KRS 278.042, the NESC, or the South Kentucky Safety Manual. As part of its response to the initiating Order, South Kentucky identified certain actions and measures it has in place to prevent incidents similar to the one giving rise to this proceeding from occurring in the future. These measures include a policy requiring employees to wear rubber gloves and sleeves "ground to ground" when climbing a pole, "cradle to cradle" when using an aerial lift truck, and "lock to lock" when working on an energized pad mount transformer. South Kentucky also stated that it has revised its policies to include "zero tolerance" (immediate dismissal) for safety violations involving the testing and grounding of electric lines and employee use of rubber gloves, and further, that it conducts numerous safety audits of its work crews, during which proper safety procedures are discussed and any safety concerns or violations are immediately addressed. South Kentucky also stated that it conducts numerous safety audits of its work crews, during which proper safety procedures are discussed and any safety concerns or violations are immediately addressed.

At South Kentucky's request, an informal conference ("IC") was held with Commission Staff in this matter on May 2, 2017. Discussions in the course of the IC led to the filing of a Stipulation of Facts and Settlement Agreement ("Stipulation") for the Commission's consideration. The Stipulation, attached hereto as an Appendix, sets forth an agreed-upon summary of the facts. The Stipulation further provides for payment of a civil penalty by South Kentucky in the amount of \$15,000 and the submission of reports concerning South Kentucky's remedial measures in full settlement of this proceeding. In determining whether the terms of the Stipulation are in the public interest and are reasonable, the Commission has taken into consideration the circumstances surrounding the violations and the terms of the Stipulation. Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the Stipulation is in accordance with the law and does not violate any regulatory principle. The Stipulation is a product of arm's-length negotiations among capable, knowledgeable parties, is in the public interest, and results in a reasonable resolution of all issues in this case.

IT IS THEREFORE ORDERED that:

1. The Stipulation is adopted and approved in its entirety as a complete resolution of all issues in this case.
2. The formal hearing in this matter scheduled for Tuesday, June 20, 2017, is cancelled.
3. As a result of the August 12, 2016 incident, South Kentucky agrees to pay a civil penalty, pursuant to KRS 278.990, in the amount of \$15,000.

4. South Kentucky shall pay the amount of \$15,000 within 30 days of the date of this Order by cashier's check or money order to be made payable to the Kentucky State Treasurer and to be mailed or delivered to the Public Service Commission, Office of General Counsel, 211 Sower Boulevard, P.O. Box 615, Frankfort, KY 40602.

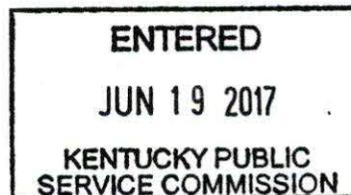
5. South Kentucky shall provide on a quarterly basis, for a period of one year, a report detailing the results of crew safety audits performed and, if any safety violations are identified, the corrective action taken to address the violation. If requested by the Commission, South Kentucky shall provide the actual audits.

6. South Kentucky shall provide on a quarterly basis, for a period of one year, documentation of five job briefings per month. The briefings shall be for separate crews, and shall include briefings for two contractor crews.

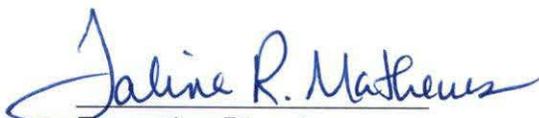
7. The reports required by ordering paragraphs 5 and 6 of this Order shall be submitted within 30 days following the end of the calendar quarter, beginning with the quarter ending on June 30, 2017. The reports shall reference the number of this case and shall be retained in the utility's general correspondence file.

8. Upon payment of \$15,000 by South Kentucky, this case shall be closed and removed from the Commission's docket without further Order of the Commission.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00095 DATED **JUN 19 2017**

On March 30, 2017, South Kentucky filed a response to the Commission's March 10, 2017 Order in which it denied that it violated, willfully or otherwise, KRS 278.042, the NESC, or the South Kentucky Safety Manual, and requested that this proceeding be dismissed. South Kentucky also filed a motion requesting that in the event the proceeding is not dismissed, the Commission schedule an informal conference for the purpose of discussing the issues involved in this case.

On May 2, 2017, an informal conference involving South Kentucky and Commission Staff was held at the Commission's offices. As a result of the discussions had at the informal conference, South Kentucky and Commission Staff reached the following Stipulation of Facts and Settlement Agreement ("Stipulation"), which is submitted for the Commission's consideration in rendering its decision in this matter:

1. South Kentucky agrees that the Staff Accident Investigation Report, attached as an Appendix to the Commission's March 10, 2017 Initiating Order in this case, accurately describes and sets forth the facts and circumstances surrounding the incident giving rise to the Order.

2. As part of its response to the Commission's March 10, 2017 Initiating Order, South Kentucky identified certain corrective actions and measures it has undertaken in response to the incident giving rise to this proceeding. These measures include the adoption of a policy requiring employees to wear rubber gloves and sleeves "ground to ground" when climbing a pole, "cradle to cradle" when using an aerial lift truck, and "lock to lock" when working on an energized pad mount transformer; and the revision of its policies to include "zero tolerance" (immediate dismissal) for safety violations involving the testing and grounding of electric lines and employee use of rubber gloves. South

Kentucky also stated that it conducts numerous safety audits of its work crews, during which proper safety procedures are discussed and any safety concerns or violations are immediately addressed.

3. To settle this investigation into the August 12, 2016 incident, South Kentucky agrees to pay a civil penalty, pursuant to KRS 278.990, in the amount of \$15,000.00. South Kentucky further agrees to provide on a quarterly basis, for a period of one year, a report detailing the results of crew safety audits performed and, if any safety violations are identified, the corrective action taken to address the violation. If requested by the Commission, South Kentucky agrees to provide the actual audits. South Kentucky also agrees to provide on a quarterly basis, for a period of one year, documentation of five job briefings per month. The briefings shall be for separate crews, and shall include briefings for two contractor crews. The reports described in this paragraph shall be due within 30 days following the end of the calendar quarter, with the first quarter being the three months ending on June 30, 2017.

4. The Commission's acceptance of this Stipulation will satisfy and resolve any and all claims against South Kentucky for any violation of KRS Chapter 278 or for any penalty under KRS 278.990 arising out of the August 12, 2016 incident.

5. This Stipulation is not an admission by South Kentucky that it willfully violated KRS 278.042 or any other provision of KRS Chapter 278. The Commission's acceptance of this Stipulation shall not be construed as a finding that South Kentucky willfully violated any statute.

6. In the event the Commission does not accept this Stipulation in its entirety, South Kentucky reserves its right to withdraw therefrom and require that a hearing be

held on any and all issues herein. In such event, none of the provisions contained herein shall be binding upon South Kentucky or the Commission, or used as an admission by South Kentucky of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Staff Report.

7. This Stipulation is for use in Commission Case No. 2017-00095. None of the provisions in this Stipulation establishes any precedent for any other case. Neither South Kentucky nor Commission Staff shall be bound by any part of this Stipulation in any other proceeding, except that this Stipulation may be used in any proceeding by the Commission to enforce the terms of this Stipulation or to conduct a further investigation of South Kentucky's service. South Kentucky shall not be precluded or estopped from raising any issue, claim, or defense, therein by reason of the execution of this Stipulation.

8. South Kentucky and Commission Staff agree that the foregoing Stipulation is reasonable, is in the public interest, and should be adopted in its entirety by the Commission. If adopted by the Commission, South Kentucky waives its right to a hearing in this matter and will not file any petition for rehearing or seek judicial review.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their signatures this 13th day of June, 2017.

South Kentucky Rural Electric Cooperative Corporation

By: Allen Linderson

Title: President / CEO

Staff of the Kentucky Public Service Commission



Case No. 2017-00095

*South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910

*South Kentucky R.E.C.C.
South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910

*Mark David Goss
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910

*South Kentucky R.E.C.C.
South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910

*Mark David Goss
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504