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NEWS RELEASE

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PSC Cites Licking Valley RECC for Not Reporting Outages *Alleged violations occurred during December 2009 snow storm*

FRANKFORT, Ky. (July 7, 2010) – The Kentucky Public Service Commission (PSC) today took action against Licking Valley Rural Electric Cooperative Corp. (RECC) for not reporting major power outages during a snow storm late last year.

Licking Valley's acknowledged failure to report the outages came one month after the PSC issued its "Ike and Ice" report on the massive power outages in September 2008 and January 2009.

In that report, the PSC emphasized that complete and timely information about the extent of outages is essential for effective disaster response. The report also stressed that utilities should make outage reporting a central element of their disaster response plans.

Kentucky law requires electric utilities to report any outage that lasts longer than four hours and affects more than 500 customers. The PSC must be notified within two hours of the outage reaching reportable levels.

The snow storm that struck eastern Kentucky on Dec. 18 and 19, 2009, led to the loss of power to about 107,000 customers. In an order issued today, the PSC noted that it quickly began to receive outage reports from other utilities in the region, including those adjacent to Licking Valley's service territory.

Licking Valley, which has about 17,500 customers in Breathitt, Elliott, Lee, Magoffin, Menifee, Morgan, Rowan and Wolfe counties, did not provide any information until contacted by PSC staff on Dec. 21. At that time, Licking Valley reported that at least 9,000 of its customers had lost power during the storm.

In a subsequent letter to the PSC, Licking Valley acknowledged that it had not reported its outages as required by state law.

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Today's PSC order initiates what is known as a "show cause" proceeding. It orders Licking Valley to respond within 20 days to the allegations that it violated state law.

The order also directs Licking Valley to appear at an Aug. 24 hearing at the PSC offices in Frankfort to explain why it should not be penalized for the alleged violations. The hearing also will examine whether Licking Valley's outage reporting practices are adequate or should be revised.

Licking Valley has the option of requesting a meeting with PSC staff to discuss the matter.

Today's order and other documents in the case are available on the PSC website, psc.ky.gov. The case number is 2010-00226.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.