

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH KENTUCKY RURAL ELECTRIC)
COOPERATIVE CORPORATION)

CASE NO.
2003-00405

ALLEGED FAILURE TO COMPLY WITH)
ADMINISTRATIVE REGULATIONS)
807 KAR 5:006, SECTION 24 AND)
807 KAR 5:041, SECTION 3)

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into on this 16th day of March, 2004, between South Kentucky Rural Electric Cooperative Corporation ("South Kentucky RECC") and the Staff of the Public Service Commission ("Commission Staff").

WITNESSETH:

WHEREAS, South Kentucky RECC is an electric distribution cooperative corporation formed pursuant to KRS 279.010 to 279.220. It engages in the distribution of electricity to the public for compensation for lights, heat, power, and other uses, and is a utility subject to Commission jurisdiction. KRS 278.010; KRS 279.210; and

WHEREAS, on September 4, 2003, Mike Ramsey was injured while he was attempting to pull up a downed line; and

WHEREAS, at the time of the incident, Mike Ramsey was an employee of South Kentucky RECC and was acting within the scope of his employment; and

WHEREAS, Commission Staff investigated the incident and issued a Utility Accident Investigation Report ("Investigation Report") dated October 8, 2003; and

WHEREAS, on November 25, 2003, the Public Service Commission ("Commission") entered an Order establishing this case and directing South Kentucky RECC to show cause why it should not be subject to the penalties of KRS 278.990(1) for its alleged violations; and

WHEREAS, on December 12, 2003, South Kentucky RECC, by counsel, filed its response to the Commission's Order; and

WHEREAS, an Informal Conference was held at the Commission's Offices on February 11, 2004; and

WHEREAS, as a result of the incident, South Kentucky RECC instituted immediate retraining of its employees within 2 weeks of the incident; and

WHEREAS, the employees involved have been subjected to disciplinary action, including suspension for a week with loss of pay, and a rolling probation of two years which would result in dismissal upon one further safety infraction; and

WHEREAS, South Kentucky RECC has adopted a Safety Program which provides for random safety inspections by an independent contractor, and random safety inspections by employee safety crews; and

WHEREAS, South Kentucky RECC has agreed to disseminate information regarding this accident and the disciplinary actions imposed to other line-workers and safety personnel with other RECC's operating within the state; and

WHEREAS, South Kentucky RECC and Commission Staff desire to settle the issues raised by this proceeding and have entered into this Settlement Agreement through compromise.

NOW, THEREFORE, South Kentucky RECC and Commission Staff agree that:

1. Within three (3) months of the date of the entry of an order approving this Settlement Agreement, South Kentucky RECC shall provide evidence to the Commission that the information regarding disciplinary action taken has been properly disseminated to the appropriate RECC personnel.

2. The Commission shall assess South Kentucky RECC a penalty of One Thousand Dollars (\$1,000.00) for the violations noted in Commission Staff's Utility Investigation Report. Seven Hundred and Fifty Dollars (\$750.00) of this penalty shall be paid in full within 10 days of entry of an order approving this Settlement Agreement. Payment shall be in the form of a cashier's check payable to the Kentucky State Treasurer and delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky. The remaining Two Hundred Fifty Dollars (\$250.00) shall be suspended for a period of three (3) months. If, at the end of three months, South Kentucky RECC has fully complied with this Settlement Agreement, this portion of the penalty shall be vacated.

3. Nothing contained herein shall be construed as an admission of a willful violation of any statute, administrative regulation or any provision of the NESC nor shall the Commission's acceptance of this agreement be construed as a finding of a willful violation of any statute, administrative regulation or any provision of the NESC.

4. This Agreement is subject to the acceptance of and approval by the Commission.

5. Commission Staff shall recommend to the Commission that this Settlement Agreement be accepted and approved.

6. If the Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of the Settlement Agreement nor any matters raised during settlement negotiations shall be binding on any of the signatories.

7. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, South Kentucky RECC shall not apply for a rehearing in this matter nor bring legal action for judicial review of that Order.

IN WITNESS WHEREOF, South Kentucky RECC and Commission Staff have executed this Settlement Agreement the day and year first above written by and through their duly authorized attorneys.

SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: Dell Humber

TITLE: Attorney

DATE: March 15, 2004

PUBLIC SERVICE COMMISSION
OF KENTUCKY

BY: Robert W. Goodman

TITLE: Attorney

DATE: March 16, 2004