

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG SANDY RURAL ELECTRIC)	
COOPERATIVE CORPORATION)	CASE NO.
_____)	2004-00085
)	
ALLEGED FAILURE TO COMPLY WITH)	
ADMINISTRATIVE REGULATIONS)	
807 KAR 5:006, SECTION 24 AND)	
807 KAR 5:041, SECTION 3)	

O R D E R

On April 15, 2004, the Commission issued an Order requiring Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") to appear at the Commission's offices to show cause why it should not be subject to penalties pursuant to KRS 278.990(1) for its alleged failure to comply with 807 KAR 5:041, Section 3, and 807 KAR 5:006, Section 24.

On May 4, 2004, Big Sandy responded to the Order and requested an informal conference with Staff to discuss the alleged violations. Big Sandy representatives met with Commission Staff on May 10, 2004. On May 19, 2004, Big Sandy and Commission Staff executed a Settlement Agreement, appended hereto, and jointly moved for Commission approval of the agreement.

In consideration of the safeguards recited in the Settlement Agreement and Big Sandy's commitments to avoid such incidents in the future, the Commission finds that

the Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement appended hereto is incorporated into this Order as if fully set forth herein.

2. The terms and conditions of the Settlement Agreement are adopted and approved.

3. Big Sandy is assessed a penalty of \$500.00. Within 10 days of the date of this Order, Big Sandy shall pay to the Commonwealth of Kentucky the sum of \$250.00 in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky," which shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602. The remaining \$250.00 shall be suspended for a period of 3 months. If, at the end of 3 months, Big Sandy has complied with this Settlement Agreement, this portion of the penalty shall be vacated. If, at the end of the 3 months, Big Sandy has not complied with the terms of the Settlement Agreement, the remaining \$250.00 shall be immediately due and payable in the form described above.

4. Upon payment of the assessed penalty as described above, this case shall be removed from the Commission's docket without further Order.

Done at Frankfort, Kentucky, this 10th day of June, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Executive Director

Case No. 2004-00085

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ADMINISTRATIVE REGULATIONS)
807 KAR 5:006, SECTION 24 AND)
807 KAR 5:041, SECTION 2)

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into on this ^{9th} 19th day of May, 2004, between Big Sandy Rural Electric Cooperative Corporation ("Big Sandy RECC") and the Staff of the Public Service Commission ("Commission Staff").

WITNESSETH:

WHEREAS, Big Sandy RECC is an electric distribution cooperative corporation formed pursuant to KRS Chapter 279. 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 May 6, 2003, Paul Holbrook, an employee of G&S, Inc. ("G&S") was injured while setting an electric pole; and

WHEREAS, at the time of the incident G&S was employed by Big Sandy RECC pursuant to a distribution line extension contract; and

WHEREAS, at the time of the incident, Mr. Holbrook and G&S were acting within the scope of their employment; and

WHEREAS, Commission Staff investigated the incident and issued a Utility Accident Investigation Report ("Investigation Report") dated June 18, 2003; and

WHEREAS, on April 15, 2004, the Public Service Commission ("Commission") entered an Order establishing this case and directing Big Sandy RECC to show cause why it should not be subject to the penalties established in KRS 278.990(1) for its alleged violations; and

WHEREAS, on April 30, 2004, Big Sandy RECC, by counsel, filed its response to the Commission's Order; and

WHEREAS, an informal conference was held at the Commission's offices on May 10, 2004; and

WHEREAS, as a result of the incident, Big Sandy RECC and G&S have instituted certain remedial safety measures; and

WHEREAS, Big Sandy RECC has agreed to submit detailed samples of field inspection reports done by both Big Sandy RECC and G&S over the months of June, July and August, 2004; and

WHEREAS, Big Sandy RECC has agreed to submit detailed minutes of its monthly safety meetings for the same period of time; and

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

NOW, THEREFORE, Big Sandy RECC and Commission Staff agree that:

1. For the months of June, July, and August, 2004, Big Sandy RECC shall provide representative copies of its field inspection reports and minutes of its monthly safety meetings.

2. The Commission shall assess Big Sandy RECC a penalty of Five Hundred Dollars (\$500.00) for the violations noted in Commission Staff's Utility Investigation Report. Two Hundred and Fifty Dollars (\$250.00) 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 (3) months, Big Sandy RECC has fully complied with this Settlement Agreement, this portion of the penalty shall be vacated.

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

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

5. 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.

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

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

BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: *Alvin G. Bortell*
TITLE: *Attorney*
DATE: *May 13, 2004*

STAFF OF THE PUBLIC SERVICE
COMMISSION OF KENTUCKY

BY: *Laura W. Goodman*
TITLE: *Attorney*
DATE: *May 19, 2004*