

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LICKING VALLEY RURAL ELECTRIC	)	
COOPERATIVE CORPORATION	)	
_____	)	CASE NO. 2010-00226
	)	
ALLEGED FAILURE TO COMPLY	)	
WITH 807 KAR 5:006, SECTION 26	)	

ORDER

Licking Valley Rural Electric Cooperative Corporation ("Licking Valley"), a Kentucky cooperative corporation which engages in the distribution of electricity to the public for compensation for light, heat, power, and other uses, and which was formed pursuant to KRS 279.010 to 279.220, is a utility subject to Commission jurisdiction.<sup>1</sup>

807 KAR 5:006, Section 26(1)(c) requires a jurisdictional electric utility to notify the Commission within two hours following any utility-related accident resulting in loss of service for four or more hours to 10 percent or 500 or more of the utility's customers, whichever is less. To facilitate reporting, the Commission established an online outage reporting system in 2006 that not only allows utilities to report outage information, but also posts information on a public portion of the Commission's website in real time and generates e-mail notifications to key Commission Staff members.

KRS 278.260 permits the Commission, upon its own motion, to investigate any act or practice of a utility that affects or is related to the service of a utility. KRS 278.280(1) further permits the Commission, after conducting such investigation and

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<sup>1</sup> KRS 278.010(3)(a); KRS 279.210.

finding that a practice is unreasonable, unsafe, improper, or inadequate, to determine the reasonable, safe, proper, or adequate practice or methods to be observed and to correct the same by Order.

The Commission takes administrative notice that a significant snow storm impacted much of eastern Kentucky in late December 2009. On December 18 and 19, 2009, the Commission received outage reports from several electric utilities whose service territories are in close proximity to Licking Valley's service area. The utilities that reported outages were Jackson Energy Cooperative, Kentucky Power Company, Kentucky Utilities Company, and South Kentucky Rural Electric Cooperative Corporation. See, Appendix A.

On December 21, 2009, the Commission's Division of Consumer Services received several inquiries from Licking Valley's customers regarding the duration of outages, restoration efforts, and when power would be restored. When contacted by Commission Staff, Licking Valley stated that at least 9,000 customers were without electric service at some point during the snow storm. See, Licking Valley letter to Commission dated February 19, 2010, attached as Appendix B.<sup>2</sup> In that letter, Licking Valley also acknowledged its failure to timely report the outages as required by 807 KAR 5:006, Section 26(1)(c).

As the Commission highlighted in the Kentucky Public Service Commission Report on the 2008 Wind Storm and the January 2009 Ice Storm, "confusion over outage reporting procedures can impede effective assessment of outages, hamper call

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<sup>2</sup> The February 19, 2010 Licking Valley letter contains information that is private in nature and that information has been redacted.

center operations and increase customer frustration.” Proper outage-reporting protocol should be an essential part of a utility’s comprehensive emergency and restoration plan.

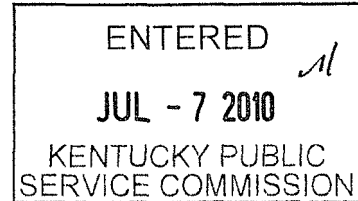
Based on its review of the relevant information and being otherwise sufficiently advised, the Commission finds that prima facie evidence exists that Licking Valley has failed to comply with 807 KAR 5:006, Section 26(1)(c). We further find that a formal investigation should be conducted and that this investigation should also examine the adequacy and reasonableness of Licking Valley’s practices related to reporting of outages.

The Commission, on its own motion, HEREBY ORDERS that:

1. Licking Valley shall submit to the Commission, within 20 days of the date of this Order, a written response to the allegations contained herein.
2. Licking Valley shall appear on August 24, 2010 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission’s offices at 211 Sower Boulevard in Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violation of 807 KAR 5:006, Section 26(1)(c), and to show cause why it should not be subjected to the penalties prescribed in KRS 278.990(1) for this alleged violation.
3. At the scheduled hearing in this matter, Licking Valley shall also present evidence on the adequacy and reasonableness of its practices related to outage reporting and whether such practices require revision.
4. The August 24, 2010 hearing shall be recorded by videotape.
5. Appendices A and B attached to this Order are made part of the record in this case.

6. Any requests for an informal conference with Commission Staff shall be set forth in writing and filed with the Commission within 20 days of the date of this Order.

By the Commission



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE

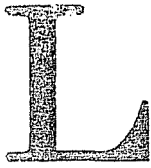
COMMISSION IN CASE NO. 2010-00226 DATED JUL - 7 2010

19/2009 2:00:00 AM	⇒ South Kentucky R.E.C.C.	<b>Possible Cause:</b> Heavy Snow and mixed rain causing outages maintly in Pulaski and McCreary Counties. Trees and tree limbs heave with wet snow have fallen on multiple lines causing outages. <b>Comment:</b> Crews have worked through the night to restore power and will continue to work diligently through the day until all power is restored. updated 12/20/2009 12:20:25 AM	<table><tr><td>County</td><td>Customers Out</td></tr><tr><td><u>McCreary</u></td><td>36</td></tr></table>	County	Customers Out	<u>McCreary</u>	36								
County	Customers Out														
<u>McCreary</u>	36														
12/19/2009 1:45:00 AM	⇒ Jackson Energy Cooperative	<b>Possible Cause:</b> Heavy Snow <b>Comment:</b> Heavy snow updated 12/22/2009 7:18:41 AM	<table><tr><td>County</td><td>Customers Out</td></tr><tr><td><u>Clay</u></td><td>612</td></tr><tr><td><u>Estill</u></td><td>11</td></tr><tr><td><u>Jackson</u></td><td>3</td></tr><tr><td><u>Lee</u></td><td>82</td></tr><tr><td><u>Owsley</u></td><td>172</td></tr></table>	County	Customers Out	<u>Clay</u>	612	<u>Estill</u>	11	<u>Jackson</u>	3	<u>Lee</u>	82	<u>Owsley</u>	172
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<u>Jackson</u>	3														
<u>Lee</u>	82														
<u>Owsley</u>	172														
12/18/2009 6:00:00 PM	⇒ American Electric Power	<b>Possible Cause:</b> Heavy rain followed by heavy snow. updated 12/28/2009 10:20:08 AM	<table><tr><td>County</td><td>Customers Out</td></tr><tr><td><u>Breathitt</u></td><td>170</td></tr><tr><td><u>Floyd</u></td><td>153</td></tr><tr><td><u>Pike</u></td><td>712</td></tr></table>	County	Customers Out	<u>Breathitt</u>	170	<u>Floyd</u>	153	<u>Pike</u>	712				
County	Customers Out														
<u>Breathitt</u>	170														
<u>Floyd</u>	153														
<u>Pike</u>	712														
12/18/2009 4:30:00 PM	⇒ Kentucky Utilities Company	<b>Possible Cause:</b> A heavy wet snow began falling early in the evening (12/18) in the Pineville/Middlesboro/Harlan areas. <b>Comment:</b> Restoration continues and there are currently less than 200 customers reported out at this time in the Eastern KY area. Most customers will be restored by late tonight	<table><tr><td>County</td><td>Customers Out</td></tr><tr><td><u>Bell</u></td><td>80</td></tr><tr><td><u>Harlan</u></td><td>120</td></tr></table>	County	Customers Out	<u>Bell</u>	80	<u>Harlan</u>	120						
County	Customers Out														
<u>Bell</u>	80														
<u>Harlan</u>	120														

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE

COMMISSION IN CASE NO. 2010-00226 DATED JUL - 7 2010



**LICKING VALLEY**  
RURAL ELECTRIC COOPERATIVE CORPORATION  
P. O. Box 605 • 271 Main Street  
West Liberty, KY 41472-0605  
(606) 743-3179



**KERRY K. HOWARD**  
General Manager/CEO

February 19, 2010

**RECEIVED**

FEB 22 2010

**PUBLIC SERVICE  
COMMISSION**

Mr. Jeff Derouen, Executive Director  
Commonwealth of Kentucky  
Public Service Commission  
211 Sower Blvd.  
Frankfort, Kentucky 40602 0615

RE: December 2009 Snowstorm Outage

Dear Mr. Derouen:

Please find enclosed a copy of Licking Valley RECC's December Reliability Report, a copy of written complaints from the Public Service Commission, and E-mailed complaints that were received in connection with the December snow storm.

I apologize for neglecting to call the Public Service Commission within four (4) hours after the on-set of the winter storm that occurred December 18<sup>th</sup>, 2009, however, I did talk with John Shupp on Sunday, December 20<sup>th</sup> and on Monday December 21<sup>th</sup> I left a voice mail for Mr. Shupp.

Licking Valley RECC employees work very hard to restore power to our customers/members when outages occur. When the storm occurred Friday, December 18<sup>th</sup>, 2009, employees were on the job either restoring power to our members, or giving support by answering the phones, preparing meals or other duties. It was overlooked during this time to give the PSC a call and again I apologize.

If additional information is needed please advise.

Sincerely,

Kerry K. Howard  
General Manager, CEO

CC: Quang D. Nguyen, Staff Attorney  
KKH:mn





# Calculations for Reliability Report

December 2009

Power Supplier	Storm	Prearrang. Maint.	R-O-W	Unknown	Line Down	Equip Failure	Consumer Caused	Substation Equip	Animals	Total
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## Consumers Affected

3488	5634	498	2492	877	319	921	4	121	46	14390
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## Total Minutes Outage

228,560	348,2569	38,164	251,974	166,269	146,795	138,150	56,400	14,520	4,710	445,7351
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# Reliability Report

December 2009

	Power Supplier	Storm	Prearranged Maintenance	R-O-W	Unknown	Line Down	Equip Failure	Consumer Caused	Sub. Equip.	Animals	Total
SAIFI											
This Month	.1996	.3218	.0485	.1426	.0502	.0183	.0527	.0002	.0069	.0026	.8234
Year to Date	2.18977	1.1639	.4346	.4963	.3988	.0669	.3189	.0706	.0069	.0473	5.2919

SAIDI											
This Month	13.0785	199.372	2.1838	14.4183	9.5141	7.2554	7.9051	.3227	.8309	.2695	256.0555
Year to Date	582.4427	5649.533	43.3429	55.6459	46.5107	13.9989	48.3053	9.8121	.8309	4.8121	4449.0186

CAIDI											
This Month	65.52	619.26	76.62	101.11	189.52	396.47	152.00	1613.50	120.42	103.65	309.76
Year to Date	454.60	3136.14	99.51	111.88	116.62	209.25	132.66	138.98	120.42	101.73	840.72

Number of Consumers Served This Month 17476

Kerry K. Howard

From: Kerry K. Howard [kkhoward@lvrecc.com]  
Sent: Tuesday, December 22, 2009 10:07 AM  
To: 'Margie Manns'  
Subject: RE: power outage

We had over 9000 members without power at one time im sorry for your inconvenience hopefully by the time you receive this your power is restored there are still several thousand in the state without power

Kerry k. Howard  
LVRECC

From: Margie Manns  
Sent: Saturday, December 19, 2009 4:36 PM  
To: kkhoward@lvrecc.com  
Subject: power outage

Saturday morning Dec.19-09 My electric went off.A tree has fallen across the line and the LIVE WIRE is broke and lying on the ground and fire is arcing from it,very dangerous.I can't drive out past it because the wire and tree is in the road.This was called in around 11:00 this morning.I haven't seen any body out trying to fix it,I would hate to have to contact the Public Services Commissioner.I was told this would be reported.There are not that many outages from what I hear and I would appreciate this being taken care of ASAP>My acct.no. is ;My name and address is Herley Manns  
.Thanj you

Kerry K. Howard

**From:** Kerry K. Howard [kkhoward@lvrecc.com]  
**Sent:** Tuesday, December 22, 2009 10:03 AM  
**To:** 'danny lane'  
**Subject:** RE: Never-ending busy signal.

Sorry for your inconvenience due to over 9000 members trying to call at one time our phone lines cannot handle the load of calls during outage times we have a minimum of 4 people answering all the time

Kerry K. Howard  
LVRECC

**From:** danny lane  
**Sent:** Sunday, December 20, 2009 11:53 AM  
**To:** kkhoward@lvrecc.com  
**Subject:** Never-ending busy signal.

I can understand a heavy volume of calls resulting in a busy signal for a short period of time. That's natural, however during a snow storm it stands to reason that there will be power outages.

We lost power on the lower half of Big Andy Ridge on Saturday morning and I can not even venture a guess as to the number of times that the families down here have called to get your never-ending busy signal in the last twenty-four hours. If someone was answering the phone it would have probably been five to ten calls reporting the problem (we talk to each other and share news).

I can think of absolutely no reason that a customer service provider would allow themselves to remain un-reachable even on a weekend. Especially during known power-outage high probability periods.

I would be amazed if we were the only ones to lose power and have no means to contact you.

I could easily list most if not all the reasons we continuously get a busy signal, but I could just as easily list the steps which could be taken to prevent and overcome each problem and be responsive to customers. Many of those problems and any reasons for not solving them are much less than complimentary to your company.

Is there no back-up plan to report problems?

I could understand if we were told that you were aware of our problem and at least some estimate as to when the problem might be fixed, but to just remain un-reachable is extremely irritating.

Do you think things are perfect since people can't report any problem?

No, no one is that naive.

Kerry K. Howard

From: Kerry K. Howard [kkhoward@lvrecc.com]  
 Sent: Tuesday, December 22, 2009 9:49 AM  
 To: 'Terry, Ashley'  
 Subject: RE: No Electric!!!!

We are very sorry for your inconvenience but we cannot control the weather Kentucky power still has several thousand out in Breathitt County

Hopefully your service has been restored by the time you receive this

Kerry K. Howard  
 LVRECC

From: Terry, Ashley  
 Sent: Monday, December 21, 2009 8:20 AM  
 To: kkhoward@lvrecc.com  
 Subject: No Electric!!!!

To Whom It May Concern:

I am contacting Licking Valley for No Electricity on Lower Taulbee Fork Road, Vancleve, KY and Williams Road, Vancleve, KY. No Electricity since 6am Saturday (12-19-2009) morning. This is the 3<sup>rd</sup> time this year I have contacted Licking Valley for a major Electrical loss resulting in 8 hours or more without Electricity. Please keep in mind I understand that sometimes things happen such as storms, etc. that do result in temporary electrical loss but 3 days???? The real upset here is that this storm wasn't the worst... We have had worse weather situations and still had electricity, There is really no excuse for this. Licking Valley is one of the highest electric companies a consumer can have and they have the absolute worst customer support I have ever encountered. Every time you call during an electrical outage... The people answering the phone are rude, they don't care.. You ask them if they may know what the problem is or if they have someone working on it, they never have an answer. I understand that some people are just there to take down outages, etc. but someone needs to be there that can answer a question, this is what goes back to poor customer service. I called personally about 8 times Sunday and I received a different response to my questions every time I called. I was first told 'They are working on it', then 'I don't know if they are in your area yet or not', etc. Who can I call that can answer my questions? I want to know what the issue is. Are they really working on it? I do apologize for sounding rude but believe me, I am very upset at Licking Valleys Customer Service or lack thereof. We have once again lost all our perishable food items, 2<sup>nd</sup> time this year. We have tropical fish who will die because they have no electricity and it is 40 degrees in our home. We have an infant and we must have a reliable heating source, so we have been forced to leave home and stay in motels and with relatives. Why can Licking Valley not come through on maintaining the services they advertise? I know they have a lot of area to maintain but they shouldn't provide services to more than 16,000 homes if they don't have the support they need to fix issues when they arise. Unfortunately Licking Valley is the only company who services our area and every time the wind blows, the electrics out. We were out of electricity for 10 hours less than 2 weeks ago and the weather was fine. It has become a regular thing, I hate to say it but we are used to it and we should not have to be. For the rates we pay, we all deserve better customer service. I have a couple of questions listed below, Please let me know who I can contact that may be able to answer these:

- 1) Why is Electric not been restored to Lower Taulbee Fork Road and Williams Road? What is the issue? When will it be resolved?
- 2) Is Licking Valley going to offer their consumers any kind of reimbursement for Perishable Food Items lost?

2/15/2010

- 3) Why doesn't Licking Valley provide funds so that they can cover food items, kerosene heaters and generators if they cannot make their services reliable?
- 4) Why are crews not out in the Summer time maintaining these Electrical lines? Such as cutting trees, fixing potential problems? Why does it have to be a major outage before they will do anything?

Ashley Terry

Kerry K. Howard

**From:** Kerry K. Howard [kkhoward@lvrecc.com]  
**Sent:** Tuesday, December 22, 2009 9:41 AM  
**To:** 'Gross, David A'  
**Subject:** RE: Power outage

If you are not on by noon today please call in our outage line went down due to tech problems at telephone co.

Sorry about your inconvenience

Kerry K. Howard  
LVRECC

**From:** Gross, David A [mailto:dkgross@lvrecc.com]  
**Sent:** Monday, December 21, 2009 8:42 AM  
**To:** 'kkhoward@lvrecc.com'  
**Subject:** Power outage

The power in the Wolverine (specifically, Oakwood Estates) area of Breathitt County has been out since 3 a.m. Saturday. I tried all day Saturday to call the 800 number (non-stop busy) and finally on Sunday called another number and was told they were supposed to be working on it. It's still out – any idea when it might get turned back on?

Thanks,

David A. Gross

## PSC Consumer Inquiry System

12/21/09

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Complaint:	2009-04333	Entry Date:	12/21/09	Closed Date:		Contact Type:	Hotline
Name:	Watkins, Ronald			Utility:	Licking Valley R.E.C.C.		
Address:				Utility Nbr:	2500	Location:	Residence
County:	Wolfe			Utility Type:	Rural Electric		
Home:		Work:		Reason:	Service Outage ( Winter Storm ) (none) ( none )		
Fax:		CBR Nbr:		Complaint referred by:			
Cell:		Email:					
Contacted Utility?	<input type="checkbox"/>	Spoke with:					
		Cust Relations:	None				
Utility Contact:	Kerry Howard			Contact's	(606) 743-3179		
Preliminary Description:	outage			Other Contacts:			
Processor:	SUSANL.DUNN						
See File	<input type="checkbox"/>	Case Related	<input type="checkbox"/>	Staff Referral	<input type="checkbox"/>	Confidential	<input type="checkbox"/>
Info Only	<input type="checkbox"/>	Formal Forms	<input type="checkbox"/>	Ref to Util	<input type="checkbox"/>	Customer Satisfied	Yes <input type="radio"/> No <input type="radio"/>

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## PSC Narratives:

Investigator: SUSANL.DUNN

Date: 12/21/09 11:07:13 AM

Service has been out since Friday night. There is only three houses still without power in his area and his is one of them. He went out looking for repairmen and can't find any. Customer wants a call back with an estimated restoral time.

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## PSC Consumer Inquiry System

12/21/2009

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Complaint:	2009-04345	Entry Date:	12/21/2009	Closed Date:		Contact Type:	Hotline
Name:	Terry, Ashley	Utility:	Licking Valley R.E.C.C.				
Address:		Utility Nbr:	2500	Location:	Residence		
		Utility Type:	Rural Electric				
County:	Breathitt	Reason:	Service quality/repair ( Service outage/interruption ) (none) ( none )				
Home:		Work:					
Fax:		CBR Nbr:		Complaint referred by:			
Cell:		Email:					
Contacted Utility?	<input checked="" type="checkbox"/>	Spoke with:	Customer Service				
		Cust Relations:	None				
Utility Contact:	Kerry Howard	Contact's	(606) 743-3179				
Preliminary Description:		Other Contacts:					
Outage							
Processor:	VIRGINIAL.SMITH						
See File	<input type="checkbox"/>	Case Related	<input type="checkbox"/>	Staff Referral	<input type="checkbox"/>	Confidential	<input type="checkbox"/>
Info Only	<input type="checkbox"/>	Formal Forms	<input type="checkbox"/>	Ref to Util	<input type="checkbox"/>	Customer Satisfied	Yes <input type="radio"/> No <input type="radio"/>

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## PSC Narratives:

Investigator: VIRGINIAL.SMITH

Date: 12/21/2009 12:48:14 PM

Ginny-

Please see below. Thanks.

Licking Valley has not reported any outages....

Andrew Melnykovich

Director of Communications

Kentucky Public Service Commission

502-564-3940 x208

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From: PSC - Public Information Officer  
Sent: Monday, December 21, 2009 9:59 AM  
To: Melnykovich, Andrew (PSC)  
Subject: FW: Licking Valley RECC

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From: Terry, Ashley]

2009-04345 (Continued)

Sent: Monday, December 21, 2009 9:56:19 AM  
To: PSC - Public Information Officer  
Subject: Licking Valley RECC  
Auto forwarded by a Rule

Hello,

I am contacting your offices because we need some help with our Electric Company, Licking Valley RECC. We have been without service for 3 days and this is the 3rd time this year that this has happened, not counting the outages we have had inbetween.

I understand 'acts of gods' such as storms, etc. but 3 days, I can understand temporary outages but for what this electric company charges, they should be able to have crews dispatched 24 hours a day. How can they charge us so much, they charge more than all surrounding electrical providers., and not maintain their services? There has to be some kind of rules or laws or something that protects us as consumers. We have lost all our perishable food items for the 2nd time this year, we have tropical fish who are dying because they require electricity to run a heater. We have an infant at home which means we must have a reliable heating source. We are having to leave our homes and pay for hotels and stay with relatives all because the services we pay for cannot be maintained. I promise that I am not the only dissatisfied customer. We are having to buy water and food to eat to get us by...

Why does the electric company not dispatch crews during the summer to maintain the lines and cut trees if necessary? Every time we call the electric company, they tell us something different, they will say we have someone in your area working, then they say we have a crew in your county but I don't know if they are in your area.. I don't know why we can't get the truth from them.

Can we talk to anyone about providing us with a generator and a kerosene heater?? We can't afford to purchase these because we are a family on a fixed income and this constant power loss is killing us, its leaving us broke all because the electric company cannot come through on maintaining the services they advertise. Please let me know if there is anyone who can assist in getting us these items. We need to be able to stay in our home as we have no other place to go, We have already lost over 200 dollars worth of perishable food items again.

Please let me know who we can contact to get some help or file a complaint. This has gone on for too long and we cannot keep paying these high electric bills and be out of service so frequently, it will cost us a lot just to heat our home back up, its 40 degrees inside.

Thanks

Ashley Terry

## PSC Consumer Inquiry System

12/21/2009

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Complaint:	2009-04348	Entry Date:	12/21/2009	Closed Date:		Contact Type:	Hotline
Name:	Terry, Ashley			Utility:	Licking Valley R.E.C.C.		
Address:				Utility Nbr:	2500	Location:	Residence
County:	Breathitt			Utility Type:	Rural Electric		
Home:		Work:		Reason:	Service Outage ( Winter Storm ) (none) ( (none) )		
Fax:		CBR Nbr:		Complaint referred by:			
Cell:		Email:					
Contacted Utility?	<input type="checkbox"/>	Spoke with:	no answer				
		Cust Relations:	None				
Utility Contact:	Kerry Howard			Contact's	(606) 743-3179		
Preliminary Description:	out of service since Friday			Other Contacts:			
Processor:	ROSEMARY.TUTT						
See File	<input type="checkbox"/>	Case Related	<input type="checkbox"/>	Staff Referral	<input type="checkbox"/>	Confidential	<input type="checkbox"/>
Info Only	<input type="checkbox"/>	Formal Forms	<input type="checkbox"/>	Ref to Util	<input type="checkbox"/>	Customer Satisfied	Yes <input type="radio"/> No <input type="radio"/>

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## PSC Narratives:

Investigator: ROSEMARY.TUTT

Date: 12/21/2009 2:12:44 PM

Customer has been without service since Friday. When she calls office, the only message is they are working on it, it doesn't say where or when they hope to have power restored. Has a infant, RT suggested they go to a shelter, not an option.

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Kerry K Howard  
CEO  
Licking Valley R.E.C.C.  
P. O. Box 605  
271 Main Street  
West Liberty, KY 41472