

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE RELIABILITY	)	
MEASURES OF KENTUCKY'S	)	ADMINISTRATIVE
JURISDICTIONAL ELECTRIC	)	CASE NO. 2011-00450
DISTRIBUTION UTILITIES	)	

ORDER

On June 19, 2013, Duke Energy Kentucky, Inc. ("Duke Kentucky") and Kentucky Power Company ("Kentucky Power") (collectively "Joint Petitioners") filed a joint petition, pursuant to KRS 278.400, requesting the Commission to grant rehearing for the Final Order entered on May 30, 2013 ("Final Order").

On June 21, 2013, Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively the "Companies") filed a motion, pursuant to KRS 278.400, for reconsideration and clarification of the Final Order.

In support of their request, Joint Petitioners argue that the additional data collection and reporting obligations set forth in the Final Order are certain to impose additional costs upon utilities and ultimately the ratepayers without guaranteeing any improvements to reliability. Moreover, they argue those requirements will significantly constrain the ability of utility managers to achieve the best overall system reliability by eliminating discretion to focus upon system-wide reliability impacts in favor of particular circuit impacts. They state that the lack of any cost-benefit analysis and the failure to take into account significant countervailing considerations suggest that, at a minimum, more information is required to support the Commission's finding that circuit-by-circuit

analysis is the appropriate benchmark for measuring and attaining reliability. They further argue that given the industry-wide applicability of the new requirement, the Commission should also consider implementing its decision through the promulgation of a regulation.

Joint Petitioners set forth four arguments in support of their position: (1) the Final Order does not support a finding that circuit-by-circuit benchmarking for distribution reliability is necessary; (2) the Final Order does not include a cost/benefit analysis to support the new data collection and reporting mandates; (3) a circuit-by-circuit analysis is not an appropriate benchmark for measuring reliability; and (4) the mandate in the Final Order should be promulgated as a regulation.

In support of the Companies' motion, KU and LG&E state that the Order requires utilities to provide annual System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") data for each circuit, and to provide a Corrective Action Plan for each circuit whose one-year SAIDI or SAIFI exceeds the circuit's own rolling five-year-average SAIDI or SAIFI. They argue that requiring same-circuit comparison reporting and the filing of associated Corrective Action Plans will increase administrative burdens on utilities, in some years potentially dramatically. They request that the Commission consider eliminating the new same-circuit comparison requirement in its entirety.

The Companies further request clarification of whether the new reporting requirements supplement or supplant the existing reporting requirements that the Commission established in Administrative Case No. 2006-00494.<sup>1</sup>

---

<sup>1</sup> Case No. 2006-00494, *An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices* (Ky. PSC Oct. 26, 2007).

Finally, the Companies ask the Commission to clarify whether it intends for the new reporting requirements to be *de facto* new standards for “adequate, efficient, and reasonable service” with regard to distribution reliability. They state if that is the Commission’s intention, the Commission should clearly state its intent and expand upon the contours of the new standards through the promulgation of a formal regulation.

The Companies argue that: (1) the Commission should eliminate or revise the Order’s same-circuit comparison reporting requirement because it will increase administrative burdens on utilities without providing the Commission useful information; (2) the Commission should clarify whether the Order’s new reporting requirements supplement or supplant the existing reporting requirements the Commission established in Administrative Case No. 2006-00494; and (3) to avoid confusion and potentially inefficient distribution investments, the Commission should state clearly whether it intends the new reporting requirements to be new distribution reliability standards.

In support of their argument that the Commission should eliminate or revise the same-circuit comparison reporting requirement, the Companies state that such reporting and the filing of associated Corrective Action Plans will increase administrative burdens on utilities, in some years dramatically. They state that this process may in some years overlook a utility’s worst-performing circuits while requiring Corrective Action Plans for some of the utility’s best-performing circuits. They ask the Commission to consider eliminating the new same-circuit-comparison requirement in its entirety. Alternatively, they suggest that if the Commission decides to keep the new same-circuit-comparison requirement, the Commission reduce the administrative burden of the requirement. They suggest that the Commission could require reporting of circuits whose one-year

SAIDI or SAIFI exceeds its own rolling-five-year average, and then require a Corrective Action Plan only for the outlier circuits that exceed the average variance of those circuits by two standard deviations; or, they suggest that the Commission could require reporting only for each utility's top ten worst-performing circuits, which is similar to the current reporting requirements.

Based on the Joint Petition for Rehearing, the Companies' Motion for Reconsideration and Clarification, and being otherwise sufficiently advised, the Commission will now grant rehearing to consider the issues raised by Duke, Kentucky Power, KU, and LG&E in their respective requests for rehearing pursuant to KRS 278.400, and will determine whether or not the May 30, 2013 Order should be clarified, modified, or amended. The Commission is particularly interested in the alternatives raised by KU and LG&E with respect to same circuit reporting requirements, including the Companies' suggestion that Corrective Action Plans be required only for the outlier circuits that exceed the average variance of those circuits.

IT IS THEREFORE ORDERED that:

1. The joint petition for rehearing of Duke and Kentucky Power is granted.
2. The motion for reconsideration and clarification of KU and LG&E is granted.
3. Within 30 days of issuance of this Order, Duke, Kentucky Power, KU, and LG&E shall file direct testimony in verified prepared form in support of their respective rehearing issues.

By the Commission

ENTERED  
JUL 09 2013  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



Executive Director

Administrative Case No. 2011-00450

Allen Anderson  
President & CEO  
South Kentucky R.E.C.C.  
925-929 N. Main Street  
P. O. Box 910  
Somerset, KY 42502-0910

Ted Hampton  
General Manager  
Cumberland Valley Electric, Inc.  
Highway 25E  
P. O. Box 440  
Gray, KY 40734

Barry L Myers  
Manager  
Taylor County R.E.C.C.  
625 West Main Street  
P. O. Box 100  
Campbellsville, KY 42719

Lonnie Bellar  
Vice President, State Regulation & Rates  
LG&E and KU Services Company  
220 West Main Street  
Louisville, KENTUCKY 40202

Larry Hicks  
President and CEO  
Salt River Electric Cooperative Corp.  
111 West Brashear Avenue  
P. O. Box 609  
Bardstown, KY 40004

G. Kelly Nuckols  
President & Ceo  
Jackson Purchase Energy Corporation  
2900 Irvin Cobb Drive  
P. O. Box 4030  
Paducah, KY 42002-4030

Honorable Thomas C Brite  
Attorney At Law  
Brite & Hopkins, PLLC  
83 Ballpark Road  
P.O. Box 309  
Hardinsburg, KENTUCKY 40143

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

Honorable Mark R Overstreet  
Attorney at Law  
Stites & Harbison  
421 West Main Street  
P. O. Box 634  
Frankfort, KENTUCKY 40602-0634

Rocco O D'Ascenzo  
Duke Energy Kentucky, Inc.  
139 East 4th Street, R. 25 At II  
P. O. Box 960  
Cincinnati, OH 45201

James L Jacobus  
President/CEO  
Inter-County Energy Cooperative Corporation  
1009 Hustonville Road  
P. O. Box 87  
Danville, KY 40423-0087

Chris Perry  
President and CEO  
Fleming-Mason Energy Cooperative, Inc.  
1449 Elizaville Road  
P. O. Box 328  
Flemingsburg, KY 41041

Paul G Embs  
Clark Energy Cooperative, Inc.  
2640 Ironworks Road  
P. O. Box 748  
Winchester, KY 40392-0748

Debbie Martin  
Shelby Energy Cooperative, Inc.  
620 Old Finchville Road  
Shelbyville, KY 40065

William T Prather  
President & CEO  
Farmers R.E.C.C.  
504 South Broadway  
P. O. Box 1298  
Glasgow, KY 42141-1298

Mr. David Estep  
President & General Manager  
Big Sandy R.E.C.C.  
504 11th Street  
Paintsville, KY 41240-1422

Burns E Mercer  
Manager  
Meade County R.E.C.C.  
P. O. Box 489  
Brandenburg, KY 40108-0489

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

Carol Hall Fraley  
President & CEO  
Grayson R.E.C.C.  
109 Bagby Park  
Grayson, KY 41143

Michael L Miller  
President & CEO  
Nolin R.E.C.C.  
411 Ring Road  
Elizabethtown, KY 42701-6767

Donald R Schaefer  
Jackson Energy Cooperative Corporation  
115 Jackson Energy Lane  
McKee, KY 40447

Mark Stallons  
President  
Owen Electric Cooperative, Inc.  
8205 Highway 127 North  
P. O. Box 400  
Owenton, KY 40359

Gregory J Starheim  
President and CEO  
Kenergy Corp.  
6402 Old Carydon Road  
P. O. Box 18  
Henderson, KY 42419

Michael Williams  
Senior Vice President  
Blue Grass Energy Cooperative Corp.  
1201 Lexington Road  
P. O. Box 990  
Nicholasville, KY 40340-0990

Ranie Wohnhas  
Managing Director  
Kentucky Power Company  
101 A Enterprise Drive  
P. O. Box 5190  
Frankfort, KY 40602

Melissa D Yates  
Attorney  
Denton & Keuler, LLP  
555 Jefferson Street  
P. O. Box 929  
Paducah, KENTUCKY 42002-0929