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March 28, 2008

Director of Engineering Public Service Commission P O Box 615 Frankfort KY 40602 MAR 3 1 2008
PUBLIC SERVICE
COMMISSION

RECEIVED

RE: Case No. 2006-00494

In accordance to the Commission's Order dated October 26, 2007, I have enclosed the annual reliability reports and a review of the 2007 vegetation management plan.

If you have any questions, please do not hesitate to call.

Sincerely,

Chris Brewer

Vice President, Engineering

Chris Brewer

Enclosure

Blue Grass Energy Vegetation Management Plan Review

2007 Plan Implementation Review

Blue Grass Energy has developed a plan to manage the maintenance of vegetation on distribution rights-of-way (ROW). The plans goals were established to provide excellent member service, maintain current tree related reliability and look for opportunities to increase production and reduce program cost.

As stated in the previously submitted Vegetation Management Plan, the plan may be modified from time-to-time based on performance as measured by tree-related service reliability and evaluations of member satisfaction with service reliability. Specific reliability metrics may include Tree SAIFI, trends in customer minutes interrupted by tree-related causes and tree-caused primary interruptions per 100 line miles as internal benchmarks of program performance over time. A Tree-Caused Outage Report summarizes these reliability criteria and is regularly reviewed and monitored.

2007-2008 Vegetation Management Strategy

SCHEDULED MAINTENANCE AND CLEARANCE

Blue Grass Energy provides electric service to nearly 55,000 members through a network of over 4,400 miles of distribution line. Blue Grass Energy uses a cyclic approach to preventive electric distribution ROW. Different circuits or portions of circuits may be scheduled on different cycles based on site conditions, sensitivity of the line to interruptions caused by trees or criticality of the line. The maintenance cycle for tree removal, tree pruning or brush control may be the same or different for a given scheduling unit.

As illustrated in Table 1, Blue Grass Energy completed 17 distribution circuits in 2007 for a total of 797.46 miles of distribution line. This is 86.02 miles ahead of the original goal. In 2008, there are 29 distribution circuits for a total of 731.23 miles scheduled.

Table 1. Blue Grass Energy R/W Miles Scheduled vs. Completed

Maintenance Year	2007	2008
Scheduled	711.44	731.23
Completed	797.46	TBD

2008 VEGETATION MANAGEMENT PLAN

Blue Grass Energy plans to continue the implementation of the vegetation management plan as submitted in 2007 in its final response to case no. 2006-00494. There are no significant changes planned for 2008.

Blue G	rass Ene	ergy				
Year	SAIDI				CAIDI	SAIFI
	All	MED		+	Aii	All
2003	1133.2	1033.4	Due to Ice Storm		504.5	2.25
2004	310.9	162.0	Due to Ice Storm		158.8	1.96
2005	108.6	0.0			91.1	1.19
2006	124.4	0.0			113.5	1.10
2007	147.1	41.5	Major wind events in	April and August	120.2	1.22

MED - Major Event Day as defined by IEEE

Analysis of overall system based on cause for 2007						
	Number of					
	Incidents	SAIDI	CAIDI	SAIFI		
Lightning	451	44.3	36.8	0.2462		
Small Animal S.C.	378	5.5	4.5	0.0721		
Unknown	320	7.3	6.0	0.0960		
Equipment Fault	273	12.1	10.0	0.1071		
Trees	204	28.8	23.9	0.2117		
Deterioration	104	9.0	7.5	0.0570		
Public Accident	75	5.3	4.4	0.0716		
Overload	64	0.8	0.6	0.0114		
Wind-not trees	59	9.5	7.9	0.0407		
Other	76	24.6	18.5	0.3062		
Total outages	2004	147.1	120.2	1.2200		

Analysis of ten worst	circuits for 2007		
		Primary cause based on	
Ten worst circuits based of	on SAIDI	Number of	
		Customers Affected	
SOUTH ELKHORN (1)	6.39	Trees	
FOUR OAKS (4)	5.59	Lightning	
MILLERSBURG (2)	5.27	Maint/construction	
SINAI (4)	5.06	Lightning	
VANARSDELL (2)	4.65	Lightning	
COLEMANSVILLE (1)	3.47	Lightning	
CYNTHIANA (2)	3.05	Equiment fault	
SINAI (3)	2.88	Lightning	
JACKSONVILLE (2)	2.71	Lightning	
DAVIS (4)	2.55	Deterioration	
Ten worst circuits based of	on SAIFI	Primary cause based on	
		Number of	
		Customers Affected	
VANARSDELL (2)	0.0387	Lightning	
MILLERSBURG (2)	0.0383	Maint/construction	
FOUR OAKS (4)	0.0225	Lightning	
JACKSONVILLE (1)	0.0221	Public accident	
NORTH MADISON (2)	0.0219	Sag/Clearance	
VANARSDELL (4)	0.0216	Small animal	
SINAI (4)	0.0212	Lightning	
WEST BEREA (3)	0.0199	Trees	
COLEMANSVILLE (1)	0.0197	Lightning	<u> </u>
COLEMANSVILLE (2)	0.0191	Power Supplier	