



Cumberland Valley Electric

A Touchstone Energy Cooperative

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COMMISSION

VIA HAND DELIVERY ON 04/13/2007

April 13, 2007

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: An Investigation of The Reliability Measures of Kentucky's Jurisdictional
Electric Distribution Utilities and Certain Reliability Maintenance Practices; Case
No. 2006-00494

Dear Ms. O'Donnell:

Enclosed are an original and seven copies of Cumberland Valley Electric Cooperative Corporation's ("CVE") responses to the Staffs Informal Conference set of data requests in the above-referenced case.

Please date-stamp and return the two extra copies of this letter in the enclosed envelope.

Should you have any questions, please do not hesitate to contact me, Mark Abner of this office or Gary Grubbs of Patterson and Dewar Engineers, Inc. (270-404-5030).

I certify that an original and seven photocopies of CVE's response to the Informal Conference ("IC") information request and testimony were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; I further state that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to all parties of record.

Sincerely,

Ted Hampton
President & CEO

cc: All parties of record

Ted Hampton • President & CEO

P.O. Box 440 • Gray, KY 40734

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CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO THE STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

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CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

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.: 2006-00494
DISTRIBUTION UTILITIES AND CERTAIN)
RELIABILITY MAINTENANCE PRACTICES)

RESPONSE OF

CUMBERLAND VALLEY ELECTRIC ("CVE")

TO INFORMATION REQUESTED VIA STAFF INFORMAL CONFERENCE

FOR COMMISSION'S ORDER 2006-00494

DATED DECEMBER 12, 2006

FILED: APRIL 13, 2007

Witnesses for All Response Contained Hereinafter:

Mark Abner, CVE

Gary Grubbs, P&D Engineers, Inc.

CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

TABLE OF CONTENTS

1	
2	Rural Utility Service (RUS) Form 300 (O&M) for Past 5 Year Period..... 3
3	Corrective Action Plan (CAP) Developed During Past 5 Year Period..... 3
4	RUS Form 7, Part G for Each of the Past 5 Years (Summary)..... 3
5	Response to Part 5 ~ Staff Questions For All Utilities (No. 1)..... 4
6	Response to Part 5 ~ Staff Questions For All Utilities (No. 2)..... 4
7	Response to Part 5 ~ Staff Questions For Cumberland Valley Electric..... 5
8	CVE's Testimony (Witness: Mark Abner)..... 6
9	EXHIBIT 1A 9
10	EXHIBIT 2A-E 11
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	

CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

1 PSC Staff requested the following via Agenda Item 4 (Summary of Responses)
2 of its prepared notes from the 03/08/2007 Informal Conference ("IC"):

3 Q. Each RECC should provide FORM 300 for the past 5 years to the staff.

4 A. RUS Form 300 is completed on a 3-year cycle by the RUS General Field
5 Representative ("GFR") and as such was conducted on the CVE system
6 during the years of 2003 and 2006. The report for 2006 is attached as
7 EXHIBIT 1A (we need to obtain a copy of the 2003 report from RUS and
8 will submit upon its delivery).

9 Q. Each RECC should provide any CAP {corrective action plan} developed
10 within the past 5 years to the PSC staff.

11 A. Corrective actions plans were not required by results of the 2003 or
12 2006 RUS Form 300 surveys.

13 Q. Each RECC should provide a copy of RUS Form 7, Part G for the past 5
14 years to the PSC staff.

15 A. Following is a summary of RUS Form 7, Part G information from years
16 2002 through 2006. The actual data is presented in EXHIBITS 2A-E.

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PART G: SERVICE INTURREPTIONS					
ITEM / YEAR	AVERAGE HOURS PER CONSUMER BY CAUSE				TOTAL (e)
	POWER SUPPLIER (a)	EXTREME STORM (b)	PREARRANGED (c)	ALL OTHER (d)	
2002	0.42	0.06	0.03	0.07	0.58
2003	0.04	0.10	0.02	1.44	1.60
2004	0.52	0.05	0.04	1.54	2.15
2005	0.10	0.02	0.01	1.61	1.74
2006	0.00	0.10	0.13	2.45	2.68
5-YEAR AVG.	0.22	0.07	0.05	1.42	1.75

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CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

1 PSC Staff requested the following via Staff Question 5 (All Utilities) of
2 its prepared notes from the 03/08/2007 IC:

3 Q. See Handout No. 1 which reflects several types of tree pruning.
4 Regardless of whether or not the Commission sets any tree trimming
5 standards, should Through or V pruning, Side pruning, Under pruning, or
6 Topping be allowed?

7 A. Yes. Tree trimming methods are like tools; the prudent choice may be
8 different depending on the type tree, the terrain, the type of line
9 construction, the line voltage, the growth contributors, the tree
10 maintenance cycle achievable, the location, the easement, the over-all
11 reliability required, etc. Utilities should be permitted to implement
12 any or all of the methods such as those illustrated in Handout No. 1.

13 Q. If the utility does not own the property over which its distribution
14 lines are located, what are the utility's legal rights as far as access
15 to the property, and ability to trim trees?

16 A. The ability to trim/cut trees beneath CVE's distribution lines, along
17 with the access for such, is normally obtained via easements from the
18 property owner. For the most part, RUS distribution cooperatives such
19 as CVE are not allowed to monetarily purchase easements but must
20 instead ask for the right to traverse the lands needed to
21 expand/maintain service. Prescriptive rights normally allow for
22 maintenance going-forward once facilities are in place; but with this
23 said, the "happiness/satisfaction" of the property owner must be
24 diligently held in reverence. CVE normally obtains signed easements
25 from property owners which convey such rights.

CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

1 PSC Staff requested the following via Staff Question 5 (Cumberland Valley
2 Electric) of its prepared notes from the 03/08/2007 IC:

3 Q. Provide the other statistics or information used to determine when
4 investigations or corrective actions are warranted as Cumberland
5 Valley states in its response Item No. 1 of Staff's Second Data
6 request in this case.

7 A. Other information used by CVE managers consists of verbal or written
8 reports from field line personnel and line inspection reports.

9 Q. If Cumberland Valley does not develop formal plans to address its
10 worst performing circuits and reliability performance is addressed on
11 an as needed basis, explain how Cumberland Valley determines whether
12 one circuit should be given priority over another circuit.

13 A. As above, field reports are used to determine priority circuits.

14 Q. Define what constitutes an "inordinate number and frequency of
15 interruptions" as Cumberland Valley notes in response to Item No. 1 of
16 Second Data Request in this case.

17 A. An "inordinate number and frequency of interruptions" generally means
18 more than one outage in a relatively short period of time. "A
19 relatively short period of time" is not exactly defined by CVE but is
20 generally considered to be less than one month.

CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

CVE Testimony

Witness: Mark Abner, CVE

1
2
3 Q. With Respect to Reliability Reporting Requirement ~ is it appropriate
4 for the Public Service Commission to require regular reporting of
5 reliability information from all distribution utilities?

6 A. No. Cooperative utilities are currently required to report reliability
7 information to RUS via RUS Form 7.

8 Q. With Respect to Reliability Reporting Requirement ~ should the PSC
9 develop standardized criteria for recording and reporting reliability
10 information?

11 A. No

12 Q. With Respect to Reliability Reporting Requirement ~ is it appropriate
13 for the Commission to require reporting at a level smaller than the
14 entire system (i.e. by substation or circuit)?

15 A. No

16 Q. With Respect to Reliability Reporting Requirement ~ are there concerns
17 about sharing this information within the industry or with the public?

18 A. No

19 Q. With Respect to Reliability Performance Standards ~ please comment on
20 the appropriateness of a reliability performance standard. An example
21 of a performance standard is found in the RUS requirement of no more
22 than five hours outage for the average customer for any reason, and no
23 more than one hour caused by power supply.

24 A. CVE does not believe a performance standard imposed by the Commission
25 is appropriate. Cooperative electric utilities are provided with
26 performance guidelines by the RUS via bulletin 1730-1.

CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

1 Q. With Respect to Reliability Performance Standards ~ is it more
2 appropriate to develop performance standards on a utility by utility
3 basis or a circuit by circuit basis? What is the most appropriate
4 level for applying performance standard requirements?

5 A. The performance guidelines of RUS Bulletin 1730-1 are on a system wide
6 basis and are sufficient.

7 Q. With Respect to Reliability Performance Standards ~ Comment on an
8 appropriate requirement to respond to non-attainment of performance
9 standard, or in the alternative explain why a response to non-
10 attainment is not necessary.

11 A. CVE views Commission imposed requirements as unreasonable.

12 Q. With respect to Right-of-Way Management ~ please provide comments
13 regarding the appropriateness of PSC defined ROW management minimum
14 standard.

15 A. CVE does not believe it appropriate for the PSC to define minimum ROW
16 management standards. Each utility should have the latitude and
17 discretion to manage, operate and maintain its ROW's and easements to
18 the best interests of member-owners or customers. Relations between
19 utilities and landowners are longstanding and generally successful
20 under current practices. PSC intrusion into utility/consumer relations
21 by imposition of mandatory ROW management standards may prove damaging
22 in that it may make easement acquisition more difficult.

23 Q. With respect to Right-of-Way Management ~ if such a standard were
24 created, to what level of detail should it be defined?

25 A. Please see previous response.

26

CUMBERLAND VALLEY ELECTRIC, INC.
RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

1 Q. With respect to Right-of-Way Management ~ does a PSC requirement give
2 the utility any advantage when performing ROW maintenance?

3 A. No

4 Q. With respect to Right-of-Way Management ~ are there disadvantages?

5 A. Possibly (See answer to first question above)

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CUMBERLAND VALLEY ELECTRIC, INC.
 RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007
CASE NO. 2006-00494

EXHIBIT 1A

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0573-0026. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE					BORROWER DESIGNATION KY 57	
REVIEW RATING SUMMARY					DATE PREPARED March 29, 2007	
Ratings on form are: 0: Unsatisfactory -- No Records 2: Acceptable, but Should be Improved -- See Attached Recommendations NA: Not Applicable 1: Corrective Action Needed 3: Satisfactory -- No Additional Action Required at this Time						
PART I. TRANSMISSION and DISTRIBUTION FACILITIES						
1. Substations (Transmission and Distribution)			(Rating)	4. Distribution - Underground Cable		
a. Safety, Clearance, Code Compliance			NA	a. Grounding and Corrosion Control		
b. Physical Conditions: Structure, Major Equipment, Appearance			NA	b. Surface Grading, Appearance		
c. Inspection Records - Each Substation			NA	c. Riser Pole: Hazards, Guying, Condition		
d. Oil Spill Prevention			NA			
2. Transmission Lines				5. Distribution Line Equipment: Conditions and Records		
a. Right-of-Way: Clearing, Erosion, Appearance, Intrusions			NA	a. Voltage Regulators		
b. Physical Condition: Structure, Conductor, Guying			NA	b. Sectionalizing Equipment		
c. Inspection Program and Records			NA	c. Distribution Transformers		
				d. Pad Mounted Equipment		
				Safety: Locking, Dead Front, Barriers		
				Appearance: Settlement, Condition		
				Other		
3. Distribution Lines - Overhead				c. Kilowatt-hour and Demand Meter		
a. Inspection Program and Records			3	Reading and Testing		
b. Compliance with Safety Codes:						
Clearances			3			
Foreign Structures			3			
Attachments			2			
c. Observed Physical Condition from Field Checking:						
Right-of-Way			3			
Other						
PART II. OPERATIONS and MAINTENANCE						
6. Line Maintenance and Work Order Procedures				(Rating)	8. Power Quality	
a. Work Planning & Scheduling				3	a. General Freedom from Complaints	
b. Work Backlogs:					9. Loading and Load Balance	
Right-of-Way Maintenance				3	a. Distribution Transformer Loading	
Poles				3	b. Load Control Apparatus	
Retirement of Idle Services				3	c. Substation and Feeder Loading	
Other						
7. Service Interruptions					10. Maps and Plant Records	
a. Average Annual Hours/Consumer by Cause (Complete for each of the previous 5 years)					a. Operating Maps: Accurate and Up-to-Date	
PREVIOUS 5 YEARS (Year)	POWER SUPPLIER a.	MAJOR STORM b.	SCHEDULED c.	ALL OTHER d.	TOTAL e.	(Rating)
2002	0.42	0.06	0.03	0.73	1.24	3
2003	0.04	0.10	0.02	1.44	1.60	3
2004	0.52	0.05	0.04	1.54	2.15	3
2005	0.10	0.02	0.01	1.61	1.74	3
2006		0.10	0.13	2.45	2.68	3
b. Emergency Restoration Plan					3	
PART III. ENGINEERING						
11. System Load Conditions and Losses				(Rating)	13. Load Studies and Planning	
a. Annual System Losses				4.77%	3	
b. Annual Load Factor				43.9%	3	
c. Power Factor at Monthly Peak				95+%	3	
d. Ratios of Individual Substation Annual Peak kW to kVA					3	
12. Voltage Conditions					13. Load Studies and Planning	
a. Voltage Surveys				3	a. Long Range Engineering Plan	
b. Substation Transformer Output Voltage Spread				3	b. Construction Work Plan	
					c. Sectionalizing Study	
					d. Load Data for Engineering Studies	
					e. Load Forecasting Data	

CUMBERLAND VALLEY ELECTRIC, INC.
 RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

EXHIBIT 1A

PART IV. OPERATION AND MAINTENANCE BUDGETS						
YEAR	For Previous 2 Years		For Present Year	For Future 3 Years		
	2005	2006	2007	2008	2009	2010
	Actual \$ Thousands	Actual \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands	Budget \$ Thousands
Normal Operation	1,263,088	1,211,481				
Normal Maintenance	1,766,341	2,068,895				
Additional (Deferred) Maintenance						
Total	3,029,429	3,280,376	3,429,109	3,531,982	3,637,942	3,747,080

14. Budgeting: Adequacy of Budgets for Needed Work 3 (Rating)

15. Date Discussed with Board of Directors 4/12/2007 (Date)

EXPLANATORY NOTES

ITEM NO.	COMMENTS
3b.	Telephone poles left standing close to the electric pole should be removed. Cable TV attachments require constant monitoring and follow-up to ensure code requirements are met.

	TITLE	DATE
RATED BY:	PRESIDENT & CEO	03/29/07
REVIEWED BY:		
REVIEWED BY:	RUS GFR	03/29/07

CUMBERLAND VALLEY ELECTRIC, INC.
 RESPONSE TO STAFF INFORMAL CONFERENCE OF 03/08/2007

CASE NO. 2006-00494

EXHIBIT 2A FROM 2002 RUS FORM 7

CVE Part G. Service Interruptions ~ 2002					
ITEM	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	TOTAL
	Power Supplier (a)	Extreme Storm (b)	Prearranged (c)	All Other (d)	
1. Present Year	0.42	0.06	0.03	0.74	1.25
2. Five-Year Average	1.14	6.14	0.02	1.23	8.53

EXHIBIT 2B FROM 2003 RUS FORM 7

CVE Part G. Service Interruptions ~ 2003					
ITEM	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	TOTAL
	Power Supplier (a)	Extreme Storm (b)	Prearranged (c)	All Other (d)	
1. Present Year	0.64	0.19	0.02	1.44	1.60
2. Five-Year Average	0.16	0.67	0.03	1.39	1.59

EXHIBIT 2C FROM 2004 RUS FORM 7

CVE Part G. Service Interruptions ~ 2004					
ITEM	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	TOTAL
	Power Supplier (a)	Extreme Storm (b)	Prearranged (c)	All Other (d)	
1. Present Year	0.52	0.05	0.04	1.54	2.15
2. Five-Year Average	0.25	0.06	0.03	1.25	1.59

EXHIBIT 2D FROM 2005 RUS FORM 7

CVE Part G. Service Interruptions ~ 2005					
ITEM	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	Avg Hours per Consumer by Cause	TOTAL
	Power Supplier (a)	Extreme Storm (b)	Prearranged (c)	All Other (d)	
1. Present Year	0.10	0.02	0.01	1.61	1.74
2. Five-Year Average	0.22	0.05	0.03	1.36	1.66

EXHIBIT 2E FROM 2006 RUS FORM 7

CVE PART G. SERVICE INTERRUPTIONS ~ 2006					
ITEM	AVERAGE HOURS PER CONSUMER BY CAUSE				TOTAL
	POWER SUPPLIER (a)	EXTREME STORM (b)	PREARRANGED (c)	ALL OTHER (d)	
1. Present Year	0.00	.10	.13	2.45	2.68
2. Five-Year Average	.22	.07	.05	1.56	1.90