



INTER COUNTY
ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

March 22, 2007

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

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

Dear Ms. O'Donnell:

Please find enclosed the original and (6) copies of the responses to questions presented during the informal conference held at the PSC on March 8, 2007.

Marvin Graham, Vice President-Operations, will be our witness for all items.

Should you need additional information concerning this filing, please contact this office.

Sincerely,



James L. Jacobus
President/CEO

JLJ/crl


CC: Attorney General
All Parties of Record

RECEIVED

MAR 26 2007

PUBLIC SERVICE
COMMISSION



A Touchstone Energy Cooperative 

**ADMINISTRATIVE
CASE NO. 2006-00494**

**Responses To Questions Presented
During The Informal Conference
Held at the PSC on March 8, 2007**

March 22, 2007

P. O. Box 87 • Danville, KY 40423-0087 • (859) 236-4561

SERVICE LIST FOR ADMINISTRATIVE CASE NO. 2006-00494
(Copy of Responses to Questions Presented During the Informal Conference Held at the PSC
on March 8, 2007 for abovementioned case mailed by regular U.S. Mail to all listed parties.)

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Lawrence C. Cook
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Div.
1024 Capital Center Dr. – Suite 200
Frankfort, KY 40601-8204

4. Staff Summary of Responses

Bullet No. 4:

- The RECCs appear to be subject to more requirements, mainly in terms of reporting, than the investor-owned companies.

Sub-Bullet No. 3:

- According to RUS Bulletin 1730-1, an RECC that is an RUS borrower is required to have a written plan detailing how to restore its system in the event of a system wide outage. The Bulletin also requires the RECCs to report reliability measures in Section 7 of RUS Form 300, which must be completed every 3 years. If reliability is lower than satisfactory, the reporting RECC is to include in the explanatory notes section of RUS Form 300 a list of all items rated as unsatisfactory along with comments indicating the action or implementation proposed. (Each RECC should provide FORM 300 for the past 5 years to the PSC staff.)

Response:

FORM 300 dated 11/16/04 is the only FORM 300 produced in the last 5 years.

Sub-Bullett No. 5:

- RUS 7 CFR 1730 requires the RECCs to develop corrective action plans ("CAP"). (Each RECC should provide any CAP developed within the past 5 years to the PSC staff.)

Response:

No CAP has been developed in the past 5 years.

Sub-Bullett No. 6:

- RUS Bulletin 1717B-2 provides instructions on submission of operating reports to RUS. It includes financial and statistical reports. Part G, Service Interruptions, requires the RECCs provide average hours of interruptions per consumer for service interruptions caused by: the Power Supplier, Major Event, Planned interruptions and all Other interruptions. The RECCs must also report their total interruptions for the present year, as well as a five-year average of their interruptions. (Each RECC should provide a copy of RUS Form 7, Part G for the past 5 years to the PSC staff.)

Response:

Part G for the past 5 years is attached.



United States Department of Agriculture
Rural Development

Rural Business-Cooperative Service • Rural Housing Service • Rural Utilities Service
Washington, DC 20250

November 16, 2004

SUBJECT: OPERATIONS AND MAINTENANCE SURVEY

TO: JIM JACOBUS, PRESIDENT/CEO
INTER-COUNTY ENERGY COOPERATIVE

In accordance with 7 CFR 1730-1, a review and evaluation of your electric system and facilities as related to system operation and maintenance was made on November 16, 2004.

The objectives of this review are to carry out RUS's responsibility for loan security and to assure that your electric plant is being operated and maintained in a safe and satisfactory condition and that you are providing an acceptable quality of service.

My review has indicated that your facilities are being adequately operated and maintained. There are several comments and recommendations for further improvements.

There are still some telephone poles remaining close to the electric poles following pole change-outs. This is a common problem throughout Kentucky and will take time to correct. Constant follow-up of cable TV attachments is required to ensure code compliance. Residential shade trees under the lines require more frequent trimming. Custom trimming and rounding is not recommended. Removal or notching is preferred.

A handwritten signature in black ink, appearing to read "Mike Norman".

MIKE NORMAN
RUS FIELD REPRESENTATIVE

Public reporting burden for this collection of information 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. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Agriculture, Clearance Officer, OC, OMB Control # 0572-0025, AG Box 7630, Washington, DC 20250
You are not required to respond to this collection of information unless this form displays the currently valid OMB control number.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE REVIEW RATING SUMMARY		BORROWER DESIGNATION KY 27																																																	
		DATE PREPARED 11/16/04																																																	
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) <ul style="list-style-type: none"> a. Safety, Clearance, Code Compliance <u>NA</u> b. Physical Conditions: Structure, Major Equipment, Appearance <u>NA</u> c. Inspection Records Each Substation <u>NA</u> d. Oil Spill Prevention <u>NA</u> 2. Transmission Lines <ul style="list-style-type: none"> a. Right-of-Way: Clearing, Erosion, Appearance, Intrusions <u>NA</u> b. Physical Condition: Structure, Conductor, Guying <u>NA</u> c. Inspection Program and Records <u>NA</u> 3. Distribution Lines - Overhead <ul style="list-style-type: none"> a. Inspection Program and Records <u>3</u> b. Compliance with Safety Codes: <table style="width: 100%; border: none;"> <tr><td style="width: 30%;">Clearances</td><td style="text-align: right;"><u>3</u></td></tr> <tr><td>Foreign Structures</td><td style="text-align: right;"><u>2</u></td></tr> <tr><td>Attachments</td><td style="text-align: right;"><u>2</u></td></tr> </table> c. Observed Physical Condition from Field Checking: <table style="width: 100%; border: none;"> <tr><td style="width: 30%;">Right-of-Way</td><td style="text-align: right;"><u>3</u></td></tr> <tr><td>Other</td><td style="text-align: right;"><u>NA</u></td></tr> </table> 	Clearances	<u>3</u>	Foreign Structures	<u>2</u>	Attachments	<u>2</u>	Right-of-Way	<u>3</u>	Other	<u>NA</u>	4. Distribution - Underground Cable (Rating) <ul style="list-style-type: none"> a. Grounding and Corrosion Control <u>3</u> b. Surface Grading, Appearance <u>3</u> c. Riser Pole: Hazards, Guying, Condition <u>3</u> 5. Distribution Line Equipment: Conditions and Records <ul style="list-style-type: none"> a. Voltage Regulators <u>3</u> b. Sectionalizing Equipment <u>3</u> c. Distribution Transformers <u>3</u> d. Pad Mounted Equipment <table style="width: 100%; border: none;"> <tr><td style="width: 30%;">Safety: Locking, Dead Front, Barriers</td><td style="text-align: right;"><u>3</u></td></tr> <tr><td>Appearance: Settlement, Condition</td><td style="text-align: right;"><u>3</u></td></tr> <tr><td>Other</td><td style="text-align: right;"><u>NA</u></td></tr> </table> e. Kilowatt-hour and Demand Meter Reading and Testing <u>3</u> 	Safety: Locking, Dead Front, Barriers	<u>3</u>	Appearance: Settlement, Condition	<u>3</u>	Other	<u>NA</u>																																		
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PART II. OPERATIONS and MAINTENANCE																																																			
6. Line Maintenance and Work Order Procedures (Rating) <ul style="list-style-type: none"> a. Work Planning & Scheduling <u>3</u> b. Work Backlogs: <table style="width: 100%; border: none;"> <tr><td style="width: 30%;">Right-of-Way Maintenance</td><td style="text-align: right;"><u>3</u></td></tr> <tr><td>Poles</td><td style="text-align: right;"><u>3</u></td></tr> <tr><td>Retirement of Idle Services</td><td style="text-align: right;"><u>3</u></td></tr> <tr><td>Other</td><td style="text-align: right;"><u>NA</u></td></tr> </table> 7. Service Interruptions <ul style="list-style-type: none"> a. Average Annual Hours/Consumer by Cause (Complete for each of the previous 5 years) <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>PREVIOUS 5 YEARS (Year)</th> <th>POWER SUPPLIER a.</th> <th>MAJOR STORM b.</th> <th>SCHEDULED c.</th> <th>ALL OTHER d.</th> <th>TOTAL e.</th> <th>(Rating)</th> </tr> </thead> <tbody> <tr><td>1999</td><td>0.52</td><td>1.87</td><td>0.27</td><td>1.52</td><td>4.18</td><td>3</td></tr> <tr><td>2000</td><td>0.27</td><td>0.77</td><td>0.07</td><td>1.39</td><td>2.50</td><td>3</td></tr> <tr><td>2001</td><td>0.35</td><td></td><td>0.15</td><td>1.67</td><td>2.17</td><td>3</td></tr> <tr><td>2002</td><td>0.24</td><td></td><td>0.02</td><td>2.75</td><td>3.01</td><td>3</td></tr> <tr><td>2003</td><td>0.08</td><td>1.69</td><td>0.01</td><td>2.31</td><td>4.09</td><td>3</td></tr> </tbody> </table>	Right-of-Way Maintenance	<u>3</u>	Poles	<u>3</u>	Retirement of Idle Services	<u>3</u>	Other	<u>NA</u>	PREVIOUS 5 YEARS (Year)	POWER SUPPLIER a.	MAJOR STORM b.	SCHEDULED c.	ALL OTHER d.	TOTAL e.	(Rating)	1999	0.52	1.87	0.27	1.52	4.18	3	2000	0.27	0.77	0.07	1.39	2.50	3	2001	0.35		0.15	1.67	2.17	3	2002	0.24		0.02	2.75	3.01	3	2003	0.08	1.69	0.01	2.31	4.09	3	8. Power Quality (Rating) <ul style="list-style-type: none"> a. General Freedom from Complaints <u>3</u> 9. Loading and Load Balance <ul style="list-style-type: none"> a. Distribution Transformer Loading <u>3</u> b. Load Control Apparatus <u>NA</u> c. Substation and Feeder Loading <u>3</u> 10. Maps and Plant Records <ul style="list-style-type: none"> a. Operating Maps: Accurate and Up-to-Date <u>3</u> b. Circuit Diagrams <u>3</u> c. Staking Sheets <u>3</u>
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b. Emergency Restoration Plan <u>3</u>																																																			
PART III. ENGINEERING																																																			
11. System Load Conditions and Losses (Rating) <ul style="list-style-type: none"> a. Annual System Losses <u>5.00%</u> <u>3</u> b. Annual Load Factor <u>37.7%</u> <u>3</u> c. Power Factor at Monthly Peak <u>98.0%</u> <u>3</u> d. Ratios of Individual Substation Annual Peak kW to kVA <u>3</u> 12. Voltage Conditions <ul style="list-style-type: none"> a. Voltage Surveys <u>3</u> b. Substation Transformer Output Voltage Spread <u>3</u> 	13. Load Studies and Planning (Rating) <ul style="list-style-type: none"> a. Long Range Engineering Plan <u>3</u> b. Construction Work Plan <u>3</u> c. Sectionalizing Study <u>3</u> d. Load Data for Engineering Studies <u>3</u> e. Load Forecasting Data <u>3</u> 																																																		

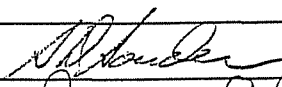
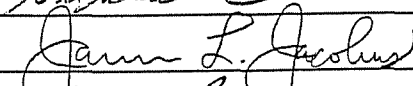
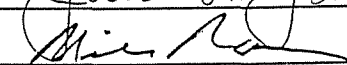
PART IV. OPERATION AND MAINTENANCE BUDGETS						
YEAR	For Previous 2 Years		For Present Year	For Future 3 Years		
	2002	2003	2004	2005	2006	2007
	Actual	Actual	Budget	Budget	Budget	Budget
	\$ Thousands	\$ Thousands	\$ Thousands	\$ Thousands	\$ Thousands	\$ Thousands
Normal Operation	\$1,406	\$1,613	\$1,601	\$1,649	\$1,698	\$1,749
Normal Maintenance	\$1,309	\$1,190	\$1,293	\$1,332	\$1,372	\$1,413
Additional (Deferred) Maintenance						
Total	\$2,715	\$2,803	\$2,894	\$2,981	\$3,070	\$3,162

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

15. Date Discussed with Board of Directors 12/10/04

EXPLANATORY NOTES

ITEM NO.	COMMENTS
3b.	Telephone poles left standing next to electric poles need to be removed and the attachments transferred. Cable TV attachments require constant monitoring to ensure code compliance.

	TITLE	DATE
RATED BY: 	VP OPERATIONS	11/16/04
REVIEWED BY: 	PRESIDENT/CEO	11/16/04
REVIEWED BY: 	RUS GFR	11/16/04

FINANCIAL AND STATISTICAL REPORT

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	68,315,017	4,085,550	705,745	0	71,694,822
General Plant	3,843,651	109,491	93,552	0	3,859,590
Headquarters Plant	7,281,204	436,677	0	0	7,717,881
Intangibles	0	0	0	0	0
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	79,439,872	4,631,718	799,297	0	83,272,293
Construction Work in Progress	393,420	357,156			750,576
TOTAL UTILITY PLANT (7 + 8)	79,833,292	4,988,874	799,297	0	84,022,869

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	282,843	708,370	59,512	797,281	0	0	263,444
2. Other	1,628	2,761	0	0	1,784	0	2,605

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause (a) Power Supplier	Avg. Hours per Consumer by Cause (b) Extreme Storm	Avg. Hours per Consumer by Cause (c) Prearranged	Avg. Hours per Consumer by Cause (d) All Other	TOTAL (e)
1. Present Year	0.34	1.32	0.08	2.29	4.03
2. Five-Year Average	0.21	0.73	0.04	2.45	3.43

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	62
2. Employee - Hours Worked - Regular Time	129,563
3. Employee - Hours Worked - Overtime	5,853
4. Payroll - Expensed	1,942,196
5. Payroll - Capitalized	1,181,542
6. Payroll - Other	176,369

A-RUS
FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

KY0027

Item 4

Page 6 of 9

Witness: Marvin Graham

PERIOD ENDED

12/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	64,362,544	4,545,939	593,466	0	68,315,017
General Plant	4,223,397	625,286	1,005,032	0	3,843,651
Headquarters Plant	1,172,430	6,650,566	541,792	0	7,281,204
Intangibles	0	0	0	0	0
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	69,758,371	11,821,791	2,140,290	0	79,439,872
Construction Work in Progress	3,758,064	(3,364,644)			393,420
TOTAL UTILITY PLANT (7 + 8)	73,516,435	8,457,147	2,140,290	0	79,833,292

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	207,167	940,122	61,345	925,026	0	(765)	282,843
2. Other	3,266	1,793	0	0	3,232	(199)	1,628

Part G. Service Interruptions

ITEM	Avg Hours per Consumer by Cause		Avg Hours per Consumer by Cause		Avg Hours per Consumer by Cause		TOTAL (e)
	Power Supplier (a)	Extreme Storm (b)	Prearranged (c)	All Other (d)			
1. Present Year	0.31	0.65	0.06	1.25			2.27
2. Five-Year Average	0.21	0.47	0.05	2.33			3.06

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	61
2. Employee - Hours Worked - Regular Time	137,380 } 132,143
3. Employee - Hours Worked - Overtime	} 5,237
4. Payroll - Expensed	} 1,912,639
5. Payroll - Capitalized	} 1,094,710
6. Payroll - Other	3,200,720 } 193,371

23.30/Av.

USDA-RUS FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION KY0027 Item 4 Page 7 of 9 Witness: Marvin Graham
INSTRUCTIONS-See RUS Bulletin 1717B-2	PERIOD ENDED 12/2004

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	60,720,645	4,231,202	589,303	0	64,362,544
General Plant	3,241,776	1,312,219	330,598	0	4,223,397
Headquarters Plant	1,277,522	0	105,092	0	1,172,430
Intangibles	0	0	0	0	0
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	65,239,943	5,543,421	1,024,993	0	69,758,371
Construction Work in Progress	1,473,267	2,284,797			3,758,064
TOTAL UTILITY PLANT (7 + 8)	66,713,210	7,828,218	1,024,993	0	73,516,435

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	215,270	759,014	44,692	846,320	675	35,186	207,167
2. Other	13,090	2,620	0	0	12,444	0	3,266

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	0.06	0.00	0.02	3.69	3.77
2. Five-Year Average	0.20	0.49	0.05	2.36	3.10

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	61
2. Employee - Hours Worked - Regular Time	128,062
3. Employee - Hours Worked - Overtime	7,133
4. Payroll - Expensed	1,869,214
5. Payroll - Capitalized	1,081,675
6. Payroll - Other	218,745

USDA-RUS FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION KY0027	Item 4 Page 8 of 9 Witness: Marvin Graham
	PERIOD ENDED 12/2003	
INSTRUCTIONS-See RUS Bulletin 1717B-2		

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	57,700,293	3,550,024	529,672	0	60,720,645
General Plant	3,139,090	235,280	132,594	0	3,241,776
Headquarters Plant	1,277,522	0	0	0	1,277,522
Intangibles	0	0	0	0	0
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	62,116,905	3,785,304	662,266	0	65,239,943
Construction Work in Progress	667,446	805,821			1,473,267
TOTAL UTILITY PLANT (7 + 8)	62,784,351	4,591,125	662,266	0	66,713,210

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	334,984	577,513	40,621	702,573	4,596	(30,679)	215,270
2. Other	7,749	17,488	0	0	12,147	0	13,090

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1. Present Year	0.08	1.69	0.01	2.31	4.09
2. Five-Year Average	0.29	0.87	0.10	1.93	3.19

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	60
2. Employee - Hours Worked - Regular Time	125,980
3. Employee - Hours Worked - Overtime	6,229
4. Payroll - Expensed	1,815,755
5. Payroll - Capitalized	1,033,575
6. Payroll - Other	210,678

FINANCIAL AND STATISTICAL REPORT

BORROWER DESIGNATION

KY0027

Item 4

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Witness: Marvin Graham

PERIOD ENDED

12/2002

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part E. Changes in Utility Plant

PLANT ITEM	Balance Beginning of Year	Additions	Retirements	Adjustments and Transfers	Balance End of Year
Distribution Plant	54,618,065	3,489,891	407,663	0	57,700,293
General Plant	3,020,028	158,052	38,990	0	3,139,090
Headquarters Plant	1,212,401	65,121	0	0	1,277,522
Intangibles	0	0	0	0	0
Transmission Plant	0	0	0	0	0
All Other Utility Plant	0	0	0	0	0
Total Utility Plant in Service (1 thru 6)	58,850,494	3,713,064	446,653	0	62,116,905
Construction Work in Progress	197,759	469,687			667,446
TOTAL UTILITY PLANT (7 + 8)	59,048,253	4,182,751	446,653	0	62,784,351

Part F. Materials and Supplies

ITEM	Balance Beginning of Year (a)	Purchased (b)	Salvaged (c)	Used (Net) (d)	Sold (e)	Adjustment (f)	Balance End of Year (g)
1. Electric	342,482	790,976	46,578	834,716	5,294	(5,042)	334,984
2. Other	71,147	4,240	0	0	67,638	0	7,749

Part G. Service Interruptions

ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)
1 Present Year	0.24	0.00	0.02	2.75	3.01
2. Five-Year Average	0.37	1.58	0.18	1.93	4.06

Part H. Employee-Hour and Payroll Statistics

	Amount
1. Number of Full Time Employees	62
2. Employee - Hours Worked - Regular Time	124,368
3. Employee - Hours Worked - Overtime	6,092
4. Payroll - Expensed	1,709,889
5. Payroll - Capitalized	1,019,510
6. Payroll - Other	161,257

5. Staff Questions

All Utilities

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

Response:

Yes. A utility should be permitted to implement any or all of four methods of vegetation management illustrated in Handout No. 1, in management's discretion, in accordance with the National Electric Safety Code. In addition, the use of tree growth retardants (TGR) should be permitted along with the methods addressed above.

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

Response:

A utility normally obtains such legal rights via easements. However, electric cooperative utilities also obtain such rights through provisions in their membership applications in addition to easements.

5. Staff Questions

Inter-County Energy

1. Explain what actions have been taken or may be taken as a result of discussing monthly reliability measures at each Board meeting as noted in Inter-County's response Item No. 1 of Staff's Second Data Request in this case.

Response:

The Board of Directors increased in 2005 the trimming budget by \$125,000. This allowed for the addition of a fifth line clearing crew added by the line clearing contractor.

2. Explain how Inter-County defines circuit problems if not by reliability measures as noted in Inter-County's response Item No. 3 of Staff's Second Data Request in this case.

Response:

Circuit problems are discovered by yearly line inspections as required by the PSC. These problems are addressed by Inter-County Energy in an effort to keep problems from causing future reliability issues. If a proactive effort was not made to address problems found, the customer would see reliability problems and then have to wait until the reliability issues caused action to be taken. This might take several years. It must be pointed out that not all problems are caused by trees.

7. Staff Guidance For Testimony

Bullet No. 1:

- **Reliability reporting requirement**

Sub-Bullet No. 1:

- Is it appropriate for the Public Service Commission to require regular reporting of reliability information from all distribution utilities?

Response:

Electric cooperative utilities are required to regularly report reliability information to the United States Department of Agriculture's Rural Utilities Service via the RUS Form 7. This data is also filed with the Public Service Commission.

Sub-Bullet No. 2:

- Should the PSC develop standardized criteria for recording and reporting reliability information?

Response:

Electric cooperative utilities are required to regularly report reliability information to the United States Department of Agriculture's Rural Utilities Service via the RUS Form 7. This data is also filed with the Public Service Commission. The adequacy of this information has not been challenged to date.

Sub-Bullet No. 3:

- Is it appropriate for the Commission to require reporting at a level smaller than the entire system (i.e. by substation or circuit)?

Response:

No. The system-wide reliability information reported via the RUS Form 7 has proven to be sufficient.

7. Staff Guidance For Testimony

Bullet No. 1:

- **Reliability reporting requirement** (continued)

Sub-Bullet No. 4:

- Are there any concerns about sharing this information within the industry or with the public?

Response:

No. The reliability information reported via the RUS Form 7 and filed with RUS and the Public Service Commission is public information and subject to public disclosure.

Bullet No. 2:

- **Reliability performance standard**

Sub-Bullet No. 1:

- Please comment on the appropriateness of a reliability performance standard. An example of a performance standard is found in the RUS requirement of no more than five hours outage for the average customer for any reason, and no more than one hour caused by power supply.

Response:

A performance standard is unreasonable. However, a guideline or benchmark can be helpful. Although RUS has not mandated performance requirements for electric cooperative utilities, RUS has provided electric cooperative utilities with performance guidelines via RUS Bulletin 1730-1.

Sub-Bullet No. 2:

- Is it more appropriate to develop performance standards on a utility by utility basis or a circuit by circuit basis? What is the most appropriate level for applying performance standard requirements?

Response:

As stated above, RUS provides electric cooperative utilities with performance guidelines via RUS Bulletin 1730-1. These performance guidelines are on a system-wide basis. Both RUS and electric cooperative utilities have found the system-wide guidelines to be sufficient.

7. Staff Guidance For Testimony

Bullet No. 2:

- **Reliability performance standard** (continued)

Sub-Bullet No. 3:

- *Comment on an appropriate requirement to respond to non-attainment of a performance standard, or in the alternative explain why a response to non-attainment is not necessary.*

Response:

As stated above, requirements are unreasonable, but guidelines such as those issued by RUS are helpful. Electric cooperative utilities that do not meet the performance guidelines specified by RUS Bulletin 1730-1 are provided with recommendations for correction and improvement by RUS and must respond to RUS regarding same via a “corrective action plan”.

Bullet No. 3:

- **Right-of-Way (ROW) management**

Sub-Bullet No. 1:

- Please provide comments regarding the appropriateness of a PSC defined ROW management minimum standard.

Response:

Legal rights and obligations with respect to rights of way and easements have been long established between utilities and landowners. The Commission has no standing to interfere with same. The Commission’s concern should be addressed to management activities relating to the maintenance of said rights of way.

Sub-Bullet No. 2:

- If such a standard were created, to what level of detail should it be defined?

Response:

See prior response.

7. Staff Guidance For Testimony

Bullet No. 3:

• **Right-of-Way (ROW) management** (continued)

Sub-Bullet No. 3:

- Does a PSC requirement give the utility any advantage when performing ROW maintenance?

Response:

No.

Sub-Bullet No. 4:

- Are there disadvantages?

Response:

Yes. See response to the first question dealing with ROW management.