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**PUBLIC SERVICE
COMMISSION**

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June 29, 2007

**RE: AN INVESTIGATION OF THE RELIABILITY MEASURES OF
KENTUCKY'S JURISDICTIONAL ELECTRIC DISTRIBUTION
UTILITIES AND CERTAIN RELIABILITY MAINTENANCE
PRACTICES - Adm Case 2006-00494**

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") Joint Post-Hearing Brief in compliance with the procedural schedule in Appendix B of the Commissions order dated December 12, 2006, in the above-referenced docket.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE RELIABILITY)
MEASURES OF KENTUCKY’S JURISDICTIONAL)
ELECTRIC DISTRIBUTION UTILITIES AND) CASE NO. 2006-00494
CERTAIN RELIABILITY MAINTENANCE)
PRACTICES)

JOINT POST-HEARING BRIEF OF KENTUCKY UTILITIES COMPANY
AND LOUISVILLE GAS AND ELECTRIC COMPANY

* * * * *

INTRODUCTION

This investigation was initiated by the Commission on December 12, 2006. Following two rounds of discovery and an informal conference, the Commission held an evidentiary hearing on May 23, 2007. In compliance with the procedural schedule in Appendix B of the Commission’s order dated December 12, 2006, Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively the “Companies”) submit their joint brief to address the primary issues raised in this proceeding.

ARGUMENT

I. A Regular System Level Reliability Reporting Requirement is appropriate.

The first issue to be addressed is whether this Commission should require regular reporting of reliability information from all distribution utilities. It is the Companies’ position that requiring such reporting is appropriate and would provide the Commission with useful data on utility reliability across the Commonwealth. However, the Companies believe that the Commission should establish standardized criteria, so that reporting by all utilities is done similarly.

Specifically, it is the Companies' position that reporting of SAIDI and SAIFI to the Commission would be appropriate. In addition, reporting should be required only on the system level. Reporting at the system level is the most appropriate given the diverse geographical characteristics and population density differences associated with individual circuits across Kentucky.¹ Finally, KU and LG&E believe that major events – those such as tornados, major storm events, and extreme ice loading – should be excluded from any reporting requirement, because doing so would provide a more accurate assessment of system performance that is under the utilities' control.² To the extent that the Commission decides to include major events within reliability reporting, however, the Companies recommend that the Commission provide a standardized definition of major events and that it allow utilities to report such events as a separate category of the indices.

II. The Commission Should Not Establish Reliability Performance Standards.

While KU and LG&E believe that reliability reporting is appropriate, it is their position that the Commission should not adopt a reliability performance standard at this time, for two reasons. First, in order to be fair and meaningful, any standard of performance should be applied consistently to all customers and utilities.³ However, creation of a consistent standard would be difficult due to the unique operational circumstances – such as a diversity of geography and variety of population density – faced by Kentucky's distribution utilities. Second, the Commission already has plenary authority to ensure the provision of adequate, efficient and reasonable service by all distribution utilities, and the exercise of that authority over the years

¹ Transcript of Evidence ("TE"), p. 35, line 21 to p. Pre-Filed Testimony of Paul Gregory (Greg) Thomas ("Thomas Testimony"), p. 5, lines 3-6.

² Thomas Testimony, p. 5, lines 11-21.

³ *Id.*, p. 6, lines 2-9; TE, p. 39, lines 2-9.

appears to the Companies to have worked well.⁴ Accordingly, it seems unnecessary to create an additional level of authority, through establishment of a uniform performance standard, to ensure the continuing provision of adequate, efficient and reasonable service to Kentucky's utility ratepayers. In lieu of the development of a consistent performance standard, the Companies would support the use of Reliability Reporting by the Commission to monitor performance trends on a utility-by-utility basis to insure adequate and reasonable performance.

The Companies' position on creation of a standard notwithstanding, to the extent the Commission is inclined to pursue a performance standard, it is the view of KU and LG&E that the Commission should follow a measured approach to develop that standard. That approach should begin with the collection of standardized reliability data from each distribution utility. After sufficient information has been obtained, the Commission could then use that information, which would be common to all utilities, to draw conclusions about reliability performance and the need for performance standards.

III. The Commission Should Not Adopt A Right-of-Way (ROW) Management Standard.

The final issue to be addressed is whether the Commission should adopt a standard for ROW maintenance. It is the Companies' position that a standard should not be adopted. A rigid standard, prescribing the width of the ROW to be cleared, is impractical due to the wide range of easement widths, differences between rural and urban service territories, applicability of local codes or ordinances, and the need to maintain some level of flexibility in addressing landowner

⁴ KRS 278.030.

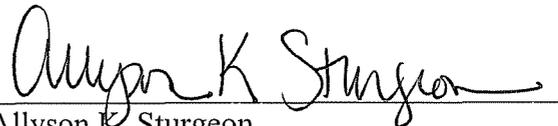
requests or concerns.⁵ Moreover, such a standard is likely to increase the cost of, and the level of landowner discontent with, utility ROW clearing activities.⁶

Nonetheless, should the Commission determine to create some standard for vegetation management, the Companies would again urge a measured approach. The Commission should consider creation of a stakeholder process involving all electric utilities, representatives of the state Fish and Wildlife department, and perhaps other interested persons or groups, for the purpose of providing input into the creation of such standard.⁷

CONCLUSION

For all of the foregoing reasons, Kentucky Utilities Company and Louisville Gas and Electric Company respectfully request that the Commission enter an order concluding the investigation in a manner consistent with the positions set forth above.

Respectfully submitted,



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⁵ Thomas Testimony, p. 7, lines 4-7, 15-23.

⁶ *Id.*, p. 8, lines 5-8.

⁷ TE., p. 128, lines 3-23.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 29th day of June, 2007, U.S. mail, postage prepaid:

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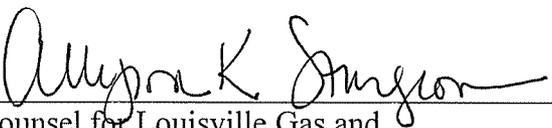
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