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February 22, 2007

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

RECEIVED
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PUBLIC SERVICE
COMMISSION

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

Ms. O'Donnell:

Please find enclosed the original and six (6) copies of the information requested in Administrative Case No. 2006-00494. An investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices for South Kentucky Rural Electric Cooperative Corporation.

Should you need additional information concerning this filing, please contact Carol Wright, Chief Operation Officer at 606-451-4160.

Sincerely,

A handwritten signature in cursive script that reads 'Allen Anderson'.

Allen Anderson
President/CEO

cc: Parties of Record

JB/cnj

KYPSC Staff Second Set Data Request
South Kentucky Rural Electric Cooperative Corporation
Case No. 2006-00494
Date Received: February 9, 2007
Response Due Date: February 23, 2007

REQUEST:

1. Describe in detail how the company utilizes all of the reliability measures it monitors.

RESPONSE:

South Kentucky RECC (SKRECC) utilizes the indices (SAIDI, SAIFI, and CAIDI) to identify improvements in restoration time and to reduce the number of outages across the distribution system. SAIDI is used to monitor the overall duration of outages the coop experiences monthly and annually. CAIDI provides data to monitor our response time for each outage. We can compare the average length of each outage from one year to the next. Finally, SAIFI tracks the average number of outages experienced by each member. An increase in this index would indicate an increase in the number of outages across our system. All of these indices are studied monthly and annually to look for ways to improve system reliability. We also compare our indices with other coops in the state.

WITNESS RESPONSIBLE: Carol Wright

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2. Has the company determined an appropriate operating range of performance threshold based on these measurements? If yes, identify.

RESPONSE:

SKRECC does not have a defined operating range or performance threshold for reliability.

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3. Describe in detail how the company develops formal plans to address its worst performing circuits. If the company does not develop such plans, indicate so in the response.

RESPONSE:

SKRECC has a power quality team that addresses blinks and outage issues on circuits. This team gathers information and makes a visual inspection of the circuit. If the problem cannot be resolved through normal means, a two-man bucket truck crew is assigned to the circuit and a close visual inspection occurs. During the inspection, air gap lightning arrestors and transformers with lightning damage are replaced. The inspection encompasses every pole on the circuit.

SKRECC also includes the replacement of deteriorated conductor and poles in the three-year Construction Work Plan (CWP). In preparation of the CWP, a formal meeting with operating personnel from all district offices is held to identify areas that need improvement. We target the worst performing lines based upon outage history and feedback from maintenance employees who actually work on the lines and restore outages. Along with conductor replacements, sectionalizing improvements are also considered and included in the sectionalizing work to be done.

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REQUEST:

4. Why are momentary outages excluded?

RESPONSE:

SKRECC does not have the technology to record all momentary outages. Some momentary outages are caused by sectionalizing devices that are operating the way they were designed, in which a momentary outage may prevent a sustained outage. An example of this would be when a limb falls against a line and a recloser operates, allowing the limb to fall into the clear. If we have recurring momentary outages such as intermittent, blinking lights caused by the failure of a lightning arrester, we respond to member complaints as this is the only indication that we have a problem. In this case, the power quality team and bucket truck crew would inspect the circuit as described in the response to question #3.

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5. Why are major event days or major storms excluded?

RESPONSE:

SKRECC does not exclude major event days from its outage data. Our outage data is sorted two ways: include major event days and exclude major event days. Some storms may be so severe that outages will occur despite reasonable efforts to prevent them. SKRECC feels that seeing the data both ways helps the company distinguish which outages could be prevented and which ones could not.

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6. Provide a hard copy citing of Rural Utility Service ("RUS") reliability monitoring or reporting requirements or, in the alternative, provide an accessible Internet site.

RESPONSE:

RUS requires SKRECC to report SAIFI in hours on the Operation and Maintenance Survey (RUS Form 300). The RUS general field representative (GFR) reviews and rates the cooperative during their review process. If the GFR indicates that the cooperative needs improvement during the rating process, the cooperative is required to list the steps necessary to make improvements. RUS Bulletin 1730-1 provides guidelines related to electric borrowers' O&M Surveys. The web address for RUS Bulletin 1730-1 is:

<http://www.usda.gov/rus/regs/bulls/1730-1.pdf>

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REQUEST:

7. Provide and describe in detail any service restoration or outage response procedures utilized.

RESPONSE:

SKRECC has developed a formal Emergency Response Plan (ERP). The ERP defines the levels of emergencies and provides an outline of responsibilities. The ERP covers work assignments for all employees and provides procedures for the restoration of the system. The ERP also helps to prioritize circuits based upon critical loads (such as hospitals). The ERP is on file with the Commission.

Under less severe outage situations, SKRECC relies on the Outage Management System and the trained 24-hour dispatchers to coordinate outage restoration. SKRECC also designates on-call supervisors experienced in outage restoration to be available whenever necessary. In reality, the procedures of the formal Emergency Response Plan are followed and utilized even in less severe outage situations, except that all facets of the plan may not be needed at those times.

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8. Refer to the RUS drawing M1.30G "RIGHT-OF-WAY CLEARING GUIDE" ("ROW Guide"), a copy has been provided in Appendix A.
 - a. Is this type of clearance requirement appropriate for all areas of a distribution system? If not, what types of exclusions or exceptions should be made?
 - b. If the distribution utility is not already following this guide, provide an estimate of the cost and time-line to implement.

RESPONSE:

- a. The clearance requirement show is similar to our requirements. We strive to obtain a wider clearance for multiphase lines in all areas of the distribution system. This clearance is appropriate but for various reasons, sometimes is not easily obtained. Many lines that we maintain were built several years ago with a smaller clearance area and we find it hard to clear wider than the original cut without many complaints. Even today, there are places that our members will not completely allow us to cut the right-of-way per our requirements; however, we will not compromise if we feel there is a safety issue. We also deal with dead or leaning trees outside of the right-of-way.
- b. As stated previously we try to follow this requirement to the maximum extent practicable. If it were reasonably possible to have this type of right-of-way in all cases regardless of complaints, we would do it without question.

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REQUEST:

9. Refer to North American Electric Reliability Corporation (“NERC”) standard FAC-003-1 “Transmission Vegetation Management Program” (“NERC Standard”), a copy is attached in Appendix B.
 - a. Does the company prefer the type of standard described in the NERC Standard over the type of standard described in the ROW guide? Explain why you prefer one over the other.
 - b. Refer to section R3 of the NERC Standard and substitute “distribution” for “transmission.” Is the distribution utility capable of meeting the reporting requirements described in the section? Why or why not?
 - c. Again referring to section R3 as applied to distribution, how many sustained outages would be reportable for the calendar year of 2006?

RESPONSE:

- a. SKRECC prefers the type of standard described in the RUS right-of-way guide. The formal, rigid NERC standard would be time consuming and create multiple member complaints. We feel that the NERC Standards are more suitable for transmission facilities where an extra level of reliability is vitally important. Our facilities are very different from transmission lines because we deal with the member on a daily basis in the course of providing service. A good working relationship with our members allows us to obtain right-of-way without conflict. In addition, a distribution line can easily be sectionalized and usually only a few members may be out of service. In contrast, when a transmission line is out of service there are generally many members out of service; thus a formal, rigid standard is necessary.
- b. We are incapable of providing these reporting requirements on past outages, but we are capable of meeting these requirements with additional resources. However, it would require much more detailed work on our part and it would be an increased burden on us both logistically and financially. We believe that the extra costs, such as those associated with reporting to an RRO, would not be justifiable for distribution cooperatives. These additional costs would ultimately be paid by our members in the form of higher rates.

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RESPONSE:

- c. For the calendar year of 2006, we are only able to ascertain the total number of outages we have recorded for vegetation: 238. We do not have the data to determine how to classify these outages into the different vegetation categories as defined by R3.2. Therefore, we do not know how many of the 238 vegetation outages would be eliminated from the reporting requirements of the NERC standards.

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10. Provide and discuss any right-of-way maintenance standard which is preferable to those identified in questions 1 and 2 above.

RESPONSE:

We prefer the RUS standard. This standard has some flexibility in dealing with special circumstances. We believe that each utility should be able to set its own standards (within reason) based upon its unique problems and challenges. Governing agencies such as the PSC and RUS should have the ability to review each utilities performance data such as the historical outage indices and set reasonable expectations. However, we feel that each utility should be given the flexibility to use their own professional judgment in finding the means to meet the expectations of the governing bodies. We also feel that when performance data is reviewed by the governing bodies that the type of terrain and other relevant factors within each service territory should be considered. In other words, we feel that it may not be practical to require the same standards or expectations for utilities serving primarily urban communities that are applied to those serving primarily rural areas.

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48. How many substations are equipped with SCADA? How many are not?

RESPONSE:

SKRECC has 34 substations and all of them are equipped with SCADA.

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49. How many reclosers beyond SCADA-equipped substations are equipped with SCADA?

RESPONSE:

Our system does not have reclosers equipped with SCADA beyond the substation.

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50. Describe in detail the capabilities of the Outage Management System to monitor outages and provide reliability-related information.

RESPONSE:

The outage management system records all relevant data including the time the outage began, the time the outage was restored, the crew assigned to the outage, the cause of the outage, and the weather conditions at time of the outage. Our 24 hour dispatch center dispatches the crews to the outages and tracks crew assignments throughout the outage. The data is compiled and put into the RUS format for a monthly outage report. This report gives SAIDI, SAIFI, and CAIDI monthly and annually. We also have the ability to look at the outages over a given time period by cause. For example, it is possible to see if a larger than expected percentage of the outages were caused by animals, trees, etc.

WITNESS RESPONSIBLE: Carol Wright