

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. 2011-00450
DISTRIBUTION UTILITIES)	

ORDER

On June 19, 2013, Duke Energy Kentucky, Inc. ("Duke Kentucky") and Kentucky Power Company ("Kentucky Power") (collectively "Joint Petitioners") filed a joint petition, pursuant to KRS 278.400, requesting the Commission to grant rehearing for the Final Order entered on May 30, 2013 ("Final Order").

On June 21, 2013, Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively the "Companies") filed a motion, pursuant to KRS 278.400, for reconsideration and clarification of the Final Order.

In support of their request, Joint Petitioners argue that the additional data collection and reporting obligations set forth in the Final Order are certain to impose additional costs upon utilities and ultimately the ratepayers without guaranteeing any improvements to reliability. Moreover, they argue those requirements will significantly constrain the ability of utility managers to achieve the best overall system reliability by eliminating discretion to focus upon system-wide reliability impacts in favor of particular circuit impacts. They state that the lack of any cost-benefit analysis and the failure to take into account significant countervailing considerations suggest that, at a minimum, more information is required to support the Commission's finding that circuit-by-circuit

analysis is the appropriate benchmark for measuring and attaining reliability. They further argue that given the industry-wide applicability of the new requirement, the Commission should also consider implementing its decision through the promulgation of a regulation.

Joint Petitioners set forth four arguments in support of their position: (1) the Final Order does not support a finding that circuit-by-circuit benchmarking for distribution reliability is necessary; (2) the Final Order does not include a cost/benefit analysis to support the new data collection and reporting mandates; (3) a circuit-by-circuit analysis is not an appropriate benchmark for measuring reliability; and (4) the mandate in the Final Order should be promulgated as a regulation.

In support of the Companies' motion, KU and LG&E state that the Order requires utilities to provide annual System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") data for each circuit, and to provide a Corrective Action Plan for each circuit whose one-year SAIDI or SAIFI exceeds the circuit's own rolling five-year-average SAIDI or SAIFI. They argue that requiring same-circuit comparison reporting and the filing of associated Corrective Action Plans will increase administrative burdens on utilities, in some years potentially dramatically. They request that the Commission consider eliminating the new same-circuit comparison requirement in its entirety.

The Companies further request clarification of whether the new reporting requirements supplement or supplant the existing reporting requirements that the Commission established in Administrative Case No. 2006-00494.¹

¹ Case No. 2006-00494, *An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices* (Ky. PSC Oct. 26, 2007).

Finally, the Companies ask the Commission to clarify whether it intends for the new reporting requirements to be *de facto* new standards for “adequate, efficient, and reasonable service” with regard to distribution reliability. They state if that is the Commission’s intention, the Commission should clearly state its intent and expand upon the contours of the new standards through the promulgation of a formal regulation.

The Companies argue that: (1) the Commission should eliminate or revise the Order’s same-circuit comparison reporting requirement because it will increase administrative burdens on utilities without providing the Commission useful information; (2) the Commission should clarify whether the Order’s new reporting requirements supplement or supplant the existing reporting requirements the Commission established in Administrative Case No. 2006-00494; and (3) to avoid confusion and potentially inefficient distribution investments, the Commission should state clearly whether it intends the new reporting requirements to be new distribution reliability standards.

In support of their argument that the Commission should eliminate or revise the same-circuit comparison reporting requirement, the Companies state that such reporting and the filing of associated Corrective Action Plans will increase administrative burdens on utilities, in some years dramatically. They state that this process may in some years overlook a utility’s worst-performing circuits while requiring Corrective Action Plans for some of the utility’s best-performing circuits. They ask the Commission to consider eliminating the new same-circuit-comparison requirement in its entirety. Alternatively, they suggest that if the Commission decides to keep the new same-circuit-comparison requirement, the Commission reduce the administrative burden of the requirement. They suggest that the Commission could require reporting of circuits whose one-year

SAIDI or SAIFI exceeds its own rolling-five-year average, and then require a Corrective Action Plan only for the outlier circuits that exceed the average variance of those circuits by two standard deviations; or, they suggest that the Commission could require reporting only for each utility's top ten worst-performing circuits, which is similar to the current reporting requirements.

Based on the Joint Petition for Rehearing, the Companies' Motion for Reconsideration and Clarification, and being otherwise sufficiently advised, the Commission will now grant rehearing to consider the issues raised by Duke, Kentucky Power, KU, and LG&E in their respective requests for rehearing pursuant to KRS 278.400, and will determine whether or not the May 30, 2013 Order should be clarified, modified, or amended. The Commission is particularly interested in the alternatives raised by KU and LG&E with respect to same circuit reporting requirements, including the Companies' suggestion that Corrective Action Plans be required only for the outlier circuits that exceed the average variance of those circuits.

IT IS THEREFORE ORDERED that:

1. The joint petition for rehearing of Duke and Kentucky Power is granted.
2. The motion for reconsideration and clarification of KU and LG&E is granted.
3. Within 30 days of issuance of this Order, Duke, Kentucky Power, KU, and LG&E shall file direct testimony in verified prepared form in support of their respective rehearing issues.

By the Commission

ENTERED
JUL 09 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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Administrative Case No. 2011-00450

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