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Charles R. Borders
Commissioner

November 22, 2011

PARTIES OF RECORD

Re: Case No. 2011-00432

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the telephonic informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact John Shupp of the Commission staff at 502/564-3940, Extension 421.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director


Attachments

cc: Parties of record

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: File: Case No. 2011-00432

FROM: John Shupp, Team Leader 

DATE: November 22, 2011

RE: Kenergy Corp. – Application for a Certificate of Public Convenience and Necessity to Replace Cut-Outs on an Accelerated Schedule

Pursuant to a Staff Notice, a telephonic informal conference ("IC") was held in the above referenced case at the Commission's offices on Thursday, November 17, 2011. A copy of the attendance list is attached to this memorandum. The purpose of the IC was to discuss issues related to the Kenergy Corp. application for a Certificate of Public Convenience and Necessity to accelerate the schedule for replacement of 5,962 defective AB Chance cut-outs (fuse holders) remaining on its system. Between 1989 and 1998 Kenergy Corp. placed 7,537 of these cut-outs in service of which 1,575 (20.9%) have failed and have been replaced. Continuing to replace the cut-outs as they fail is an expensive process with two-thirds of the cut-outs being replaced by personnel working overtime. Moreover, waiting until the subject cut-outs fail could result in 50 pole fires each year and long customer service outages.

Commission Staff inquiries and Kenergy's comments during the telephonic IC centered on the topics, concerns and discussions listed below:

1. Regarding the Power Point Presentation titled "Proactive cutout replacement program Kaizen," attached to the application, at page 9, the information concerning the Silicone type cutout was for a 27kV rated device, with only the image and noted weight referring to the 15kV rated cutout. The Polymer 27kV type cutout was the selected replacement type because of the industry experience and its availability.
2. Although the installation of replacements will result in power outages for customers, the dedicated cut-out replacement crews have the duration of the outages down to about 20 minutes per cutout.
3. The first crew member to arrive at the replacement site will inform affected customers of the reason and expected duration of the outages.
4. Kenergy has approached AB Chance company about the possibility of it providing monetary relief to help cover the cost of the apparently defectively manufactured equipment; however, AB Chance has made no indication that it intends to do so..
5. As part of the accelerated cut-out replacement program there will be a recycling program through Dahl & Groezinger, Inc. to address environmental concerns,

and is independent of whether or not AB Chance provides any monetary relief.

6. The Hubbell Company will be the manufacturer of the replacement cut-outs. The Hubbell Company is the parent company of AB Chance.

7. The application mentions the use of two (2) in-house crews. During the pilot replacement program it was determined that one two-person crew would be used. This crew has become very efficient and the replacement time per cut-out has been reduced to the point that the program's duration will not be affected (approximately 1.8 year).

8. The Kenergy application indicates that \$441,188 is the out-of-pocket cost. The application used the terms "out-of-pocket" costs and "direct" costs interchangeably.

9. The Power Point Presentation indicates that 27kV cut-outs have been selected to replace 15kV cut-outs, except where there are space limitations. There doesn't appear to be any disadvantages to this switch in the size of the cut-outs.

10. The meaning of the term "hydrophobic" which appeared on page 9 of the Power Point Presentation refers to the moisture shedding ability of the Polymer and the Silicone material used in the construction of the cut-out replacement types being considered.

After the above topics were addressed, there were no additional questions or need for further discussion and the IC was adjourned.

Attachment: Sign-In Sheet

cc: Parties of record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENERGY CORPORATION) CASE NO.
FOR CERTIFICATE OF CONVENIENCE AND) 2011-00432
NECESSITY)

November 17, 2011

Please sign in:

NAME

REPRESENTING

JOHN SHUPP

PSC-ENERG

Errol K Wagner

PSC-FA

Chris Whelan

PSC-FA

Quang D. Nguyen

PSC

Steven Bailey

PSC

Sandy Novick

Kenergy

John Newland

Kenergy

Jeff Parks

Kenergy

Chris Hoggard

Kenergy

on telephone

via telephone