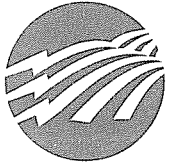


ORIGINAL



Big Sandy Rural Electric
Cooperative Corporation

504 11th Street
Paintsville, Kentucky 41240-1422
(606) 789-4095 • Fax (606) 789-5454
Toll Free (888) 789-RECC (7322)

February 1, 2012

Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, KY 40602-0615

RECEIVED

FEB - 7 2012

PUBLIC SERVICE
COMMISSION

RE: Case No. 2011-00450

First Information Request

Dear Mr. Derouen,

Big Sandy RECC respectfully submits the information requested regarding Case No. 2011-00450.

If you need anything further, please contact me at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "David Estep".

David Estep

President & General Manager

Big Sandy RECC

STATE OF KENTUCKY

COUNTY OF JOHNSON

I, David Estep, state that I am the President & General Manager at Big Sandy RECC, and have personal knowledge of the matters set forth in this application and attached exhibits, and that the statements and calculations contained in each one are true and correct, to the best of my knowledge.

This 1st day of February, 2012.

David Estep

David Estep, President & General Manager/ Big Sandy RECC

SUBSCRIBED AND SWORN to before me by David Estep, this 1st day of February, 2012.

Judy L. McClure

Notary Public, KY State at Large

My Commission Expires: 06-19-2014

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

Upon its own motion, the Commission initiates this investigation to review the measures used by Kentucky's jurisdictional electric utilities to assess the reliability of their distribution systems. In addition, the Commission will review the manner in which those measures are reported to the Commission.

In Case No. 2006-00494,¹ the Commission found that the outage reporting requirements did not provide sufficient information for the Commission to judge the adequacy of service. The Commission directed each jurisdictional electric utility to submit annual reports that identify System Average Interruption Duration Index ("SAIDI"), System Average Interruption Frequency Index ("SAIFI"), and the Customer Average Interruption Duration Index ("CAIDI"). Further, the Commission directed that the reporting be based on the criteria and definitions set forth in the Institute of Electrical and Electronics Engineers ("IEEE") standard number 1366-2003, "Guide for Electric Power Distribution Reliability Indices" ("IEEE Standard"). The Commission also directed that each annual report include the system-wide SAIDI, SAIFI and CAIDI indices for

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) at 6.

each of the preceding five 12-month periods. Finally, the Commission directed that each utility provide a list of the ten worst-performing circuits for each index and identify the major outage category that contributed to the performance of those ten circuits.²

In a January 2011 letter scheduling an informal conference to discuss reporting issues, the Commission stated its concerns that the efforts had not been “[a]s meaningful as originally contemplated.”³ The February 23, 2011 informal conference and the comments filed in response to the conference clearly indicate that most of the jurisdictional electric distribution utilities have concerns regarding the annual reliability reporting requirements as well. At the request of the Commission,⁴ many utilities provided comments regarding the relevance of the current information they are required to submit annually; the manner in which they assess system reliability; and the need for the Commission to require evaluation of every circuit. In addition, many of those utilities submitted recommendations for change. Based on the February 23, 2011 informal conference and the written comments submitted in and near April 2011, the Commission has determined that a need exists to further consider the reporting requirements set forth in the previous administrative case.

As we stated in Case No. 2006-00494, all utilities are required by statute to furnish adequate, efficient, and reasonable service. Adequate service is generally defined as having sufficient capacity to meet maximum demand “and to assure such

² Id. at 6-9.

³ Executive Director’s Letter of January 28, 2011 sent to each jurisdictional electric distribution utility.

⁴ Executive Director’s Letter of April 23, 2011 sent to each jurisdictional electric distribution utility.

customers of reasonable continuity of service.”⁵ KRS 278.042 addresses service adequacy and safety standards, referring to the National Electrical Safety Code (“NESC”) as published by the IEEE. Paragraph (2) of the statute says:

Except as otherwise provided by law, the commission shall, in enforcing service adequacy and safety standards for electric utilities, ensure that each electric utility constructs and maintains its plant and facilities in accordance with accepted engineering practices as set forth in the commission’s administrative regulations and orders and in the most recent edition of the NESC.

The Commission has established regulations that further refine these requirements for electric utilities. All electric utilities are required to provide adequate service according to their tariffs on file at the Commission.⁶ They are required to “make all reasonable efforts to prevent interruptions of service, and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay.”⁷

Utilities are required by regulation to report to the Commission any loss of service for “four (4) or more hours to ten (10) percent or 500 or more of the utility’s customers, whichever is less.”⁸ While this level of monitoring provides the Commission with information about major outages and is useful in times of emergency operations, it does not provide information regarding the day-to-day reliability experienced by ratepayers.

⁵ 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) at 1.

⁶ 807 KAR 5:041, Section 2.

⁷ 807 KAR 5:041, Section 5(1).

⁸ 807 KAR 5:006, Section 26(1)(c), excepting a natural gas utility.

In this administrative case, the Commission will investigate the adequacy of the current reporting requirements, including the ability of the electric distribution utilities to submit on-line or electronic reports. The Commission will also investigate the utilities' corrective action measures and the timeliness of their completion. The Commission seeks suggestions, comments, and best practices on reporting requirements, pertinent provisions of the NESC, and other matters relating to electric utility distribution reliability.

After the responses to the attached information request have been received, the Commission will issue a procedural schedule for this case.

IT IS THEREFORE ORDERED that:

1. An investigation of the reliability measures and certain reliability practices of Kentucky's jurisdictional electric distribution utilities is instituted. All jurisdictional electric distribution utilities shall be parties to this proceeding.

2. Each jurisdictional electric distribution utility shall file an original and 10 copies of its response to each item in the information request contained in the attached Appendix within 30 days of the issuance of this Order.

3. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with copies to all parties at or before the time of filing.

4. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and

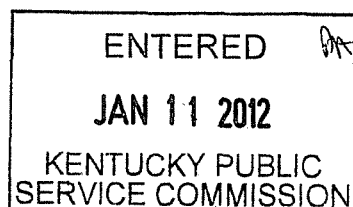
accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

5. Each jurisdictional electric distribution utility shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

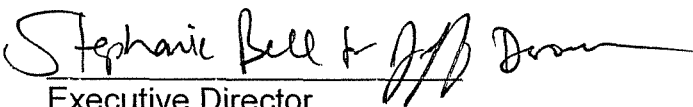
6. For any request to which a jurisdictional electric distribution utility fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

7. Motions for extensions of time with respect to the responses due herein shall be made in writing and will be granted only upon a showing of good cause.

By the Commission



ATTEST:


Executive Director

Allen Anderson
Manager
South Kentucky R.E.C.C.
925-929 N. Main Street
P. O. Box 910
Somerset, KY 42502-0910

Larry Hicks
President and CEO
Salt River Electric Cooperative Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004

Sanford Novick
President and CEO
Kenergy Corp.
P. O. Box 18
Henderson, KY 42419

Lonnie Bellar
Vice President, State Regulation & Rates
LG&E and KU Services Company
220 West Main Street
Louisville, KENTUCKY 40202

Kerry K Howard
Manager, Finance and Administration
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

G. Kelly Nuckols
President & CEO
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
P. O. Box 4030
Paducah, KY 42002-4030

Rocco O D'Ascenzo
Duke Energy Kentucky, Inc.
139 East 4th Street, R. 25 At II
P. O. Box 960
Cincinnati, OH 45201

James L. Jacobus
President/CEO
Inter-County Energy Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

Chris Perry
President and CEO
Fleming-Mason Energy Cooperative, Inc.
P. O. Box 328
Flemingsburg, KY 41041

Paul G Embs
Clark Energy Cooperative, Inc.
2640 Ironworks Road
P. O. Box 748
Winchester, KY 40392-0748

Debbie Martin
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

William T Prather
President & CEO
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

Mr. David Estepp
President & General Manager
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

Burns E Mercer
Manager
Meade County R.E.C.C.
P. O. Box 489
Brandenburg, KY 40108-0489

Donald R Schaefer
Jackson Energy Cooperative Corporation
115 Jackson Energy Lane
McKee, KY 40447

Carol Hall Fraley
President & CEO
Grayson R.E.C.C.
109 Bagby Park
Grayson, KY 41143

Michael L Miller
President & CEO
Nolin R.E.C.C.
411 Ring Road
Elizabethtown, KY 42701-6767

Mark Stallons
President
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

Ted Hampton
General Manager
Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

Barry L Myers
Manager
Taylor County R.E.C.C.
625 West Main Street
P. O. Box 100
Campbellsville, KY 42719

Michael Williams
Senior Vice President
Blue Grass Energy Cooperative Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

Ranie Wohnhas
Managing Director
Kentucky Power Company
101A Enterprise Drive, P.O. Box 5190
Frankfort, KENTUCKY 40602

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN ADMINISTRATIVE CASE NO. 2011-00450 DATED: JANUARY 11, 2012

1. The following questions relate to the data maintained by each utility.
 - a. Identify the number of circuits currently maintained by the electric utility.

36 circuits
 - b. Does the utility calculate separate SAIDI, SAIFI and CAIDI indices for each circuit? If no, explain why not and explain the degree to which the utility tracks the following:
 - (1) SAIDI;
 - (2) SAIFI; and
 - (3) CAIDI.Big Sandy RECC calculates a separate SAIDI, SAIFI and CAIDI for each circuit.

- c. Identify any other reliability indicator or measure the utility uses to assess reliability. Explain the significance of each indicator or measure used. Does the utility maintain these indicators or measures for each circuit?

Customer complaints are also used, however these indicators are not maintained.

2. The following questions refer to the manner in which each utility calculates and tracks the SAIDI, SAIFI and CAIDI indices.

- a. Identify the manner in which the indices are calculated and tracked; i.e., manually (Excel spread sheet), or an electronic or mechanized (outage reporting) system.

For the Calendar year 2011 outage indices were tracked manually with an Excel spreadsheet.

NOTE: Big Sandy RECC has installed a new OMS System: Milsoft DisSPatch. Outage indices are being entered and maintained electronically for 2012.

- b. If the response to Item 2.a. above is electronic or mechanized, provide a description of the system and explain whether it was developed internally or purchased from a third-party vendor. If purchased from a third-party vendor, provide the name of the vendor and an estimate of the original cost of the system.

The current OMS Software (Milsoft DisSPatch) cost \$48,000.

- c. If the response in Item 2.a. above is manually, provide a description of the elements tracked. Discuss in detail any inquiry made into the internal development of an electronic or mechanized system or any consideration of the purchase of a system from a third-party vendor.

SAIDI, SAIFI, and CAIDI are calculated annually for each distribution circuit. MED days are removed from this calculation.

As noted above, Big Sandy RECC has implemented an electronic outage management system in January 2012. System purchased from:

Milsoft Utility Solutions
4400 Buffalo Gap Road
Abilene, TX 79606
www.milsoft.com

3. Concerning SAIDI, SAIFI and CAIDI reporting: the Commission directed that the reporting be based on the criteria and definitions set forth in the IEEE Standard.

- a. If the utility does not follow the IEEE standard, explain why not. Explain what standard(s) the utility does follow in its calculation of SAIDI, SAIFI and CAIDI.**

Big Sandy RECC follows the IEEE standard

- b. Does the utility track and review SAIDI, SAIFI and CAIDI monthly, quarterly or annually?**

SAIDI is tracked monthly; SAIFI and CAIDI are tracked annually along with individual circuit indices.

- c. Are SAIDI, SAIFI and CAIDI tracked on a rolling 12-month period or for a more discrete period of time; i.e., monthly, quarterly, or annually?**

SAIDI is tracked and provided on RUS Form 7, as a 5 year average.

- d. Currently, in each annual report submitted pursuant to the Final Order in Case No. 2006-00494, each utility provides system-wide SAIDI, SAIFI and CAIDI calculated for a calendar year. Identify any other preferred 12-month reporting parameter; i.e., calendar year, fiscal year, or some other 12-month method.**

Big Sandy RECC is in agreement with the current calendar year method.

- e. Does the utility review SAIDI, SAIFI, and CAIDI by any discrete fashion such as by division, district, region or some other method?**

No

4. The following questions relate to the requirement that each utility report the ten worst-performing circuits for each index in the annual report submitted pursuant to the Final Order in Case No. 2006-00494.

- a. **If the utility does not track SAIDI, SAIFI and CAIDI for each circuit, explain how the ten worst-performing circuits are identified.**

Big Sandy RECC tracks outage indices for each circuit.

- b. **Does the utility see benefit in expanding the reporting of the worst-performing circuits to the 15 or 20 worst-performing circuits for each index?**

No.

- c. **Identify any alternative to reporting the ten worst-performing circuits that the utility utilizes to determine system reliability.**

No other method is used to report the 10 worst performing circuits.

5. **The following questions relate to the identification of the ten worst-performing circuits for each index.**

- a. **Provide an explanation of the actions taken by the utility once the ten worst-performing circuits for each index have been identified. Include the typical steps taken to correct the reliability issues relating to the ten worst-performing circuits for each index.**

A circuit on the list of the 10 worst performing is reviewed for any cause that may have contributed to excessive outage time. Since this varies from circuit to circuit, and dependent on factors such as terrain, member density, age of construction, each circuit will be unique in approach to reducing outage time.

- b. **Provide a timeline of the typical steps taken to correct reliability issues relating to the ten worst-performing circuits for each index.**

A precise timeline is difficult to define. The goal is to identify issues (e.g. vegetation growth); 3 months after identification.