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MAR 29 2012

PUBLIC SERVICE
COMMISSION

March 28, 2012

Mr. Jeff R. Derouen, Executive Director
Kentucky Public Service Commission
311 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RE: PSC Case No. 2011-00450

Dear Mr. Derouen:

Please find enclosed for filing with the Commission an original and ten copies of the responses to order "Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities" dated March 15, 2012.

If you have any questions, please contact me at your convenience.

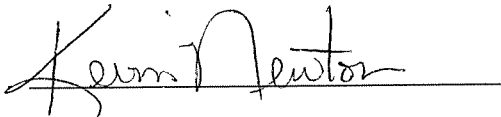
Sincerely,

A handwritten signature in black ink, appearing to read 'S. Johnson', written over a horizontal line.

Stephen Johnson
Vice President of Finance

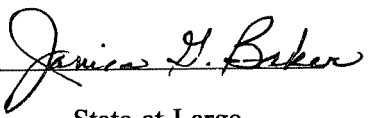
SJ:jb

Affiant, Kevin Newton, state that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Kevin Newton, System Engineer

Subscribed and sworn to before me by the affiant, Kevin Newton, this 28th day of March, 2012.

Notary 
State-at-Large

My Commission expires: 12-2-2013.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

1. The following question relate to the use of a five-year average of System Average Interruption Duration Index ("SAIDI"), System Average Interruption Frequency Index ("SAIFI"), and a Customer Average Interruption Duration Index ("CAIDI") on a circuit basis as a benchmark to determine the relative reliability of an individual circuit.

- a. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average SAIDI on a circuit-by circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: South Kentucky RECC does not believe it is reasonable for the Commission to require utilities to report 5 year averages for each circuit. Our system has over 120 circuits, so the data would be overwhelming and of little use. There are many factors that come into play when trying to compare one circuit to another or even one circuit to itself from year to year, which makes it nearly impossible to gain any meaningful insight into the problem or solution for a particular circuit. The knowledge of the employees and operations staff is far more useful when looking at a circuit with repeated outages.

- b. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher SAIDI than the utility's five year average SAIDI for that circuit? Explain your answer

Response: No, it is not reasonable. When you have so many circuits, it is likely that many will be over the 5 year average every year. We do not believe anything useful would be gained by giving a blanket reason why any particular one was high.

- c. In your opinion, is it reasonable for the Commission to require each to explain the planned corrective measures for the circuit with a higher SAIDI than the five-year average? Explain your answer.

Response: No, it is not reasonable. When we have an area with repeated outages, we take action at the time we see this happening. With budgets that are already tight, utilities will find it difficult at best to allocate the time and money needed to react to each one of these annually. This would undoubtedly involve significant money and time.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

- d. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average SAIFI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: No, it would not be reasonable. South Kentucky RECC would have likely already resolved the issue which caused the increased SAIFI before the reporting takes place. Many of these increased SAIFI values would have been from failing insulators, right-of-way, storms, etc. Once these issues are resolved the circuit will return to a normal SAIFI value.

- e. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher SAIFI than the utility's five-year average SAIFI for that circuit? Explain your answer.

Response: As stated above, all utilities should and most likely are responding to these type issues as they occur. It will not change the utilities reactions by reporting this additional reliability data.

- f. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher SAIFI than the five-year average? Explain your answer.

Response: No, it is not reasonable. We feel it is unreasonable to document a planned corrective action plan for as many as 50% of our circuits when we will always have many over the average. It is just the nature of the system. Even the best system will have many of its circuits over the average- just by the definition of average.

- g. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average CAIDI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: No, it is not reasonable. There are too many factors that come into play, like a one-time delay in service restoration could cause the CAIDI to be higher for that particular circuit from one year to the next. This would cause undue attention to a circuit and restoration process that does not need attention.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

- h. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher CAIDI than the utility's five-year average SAIDI for that circuit? Explain your answer.

Response: No, as stated above, a one-time incident could cause undue resources to be used when nothing needs to be changed.

- i. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher CAIDI than the five-year average? Explain your answer.

Response: No, it is not reasonable. It would be an allocation of resources used looking for a solution for something that has already been looked at without these formal reporting requirements.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

2. KRS 61.870 through KRS 62.884 address open records of public agencies and 807 KAR 5:001, Section 7, pertains to confidential material submitted to the Commission. Do you anticipate that some information submitted concerning the utility's circuits, whether in regard to SAIDI, SAIFI, CAIDI, or other reporting, could contain confidential, proprietary, or critical infrastructure information for which a petition for confidential information may also be submitted? Explain your answer. In your answer, provide examples of the type of information for which you may seek confidential protection.

Response: We do not anticipate any confidentiality issues.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

3. Please describe your utility's current capacity to compose electronic documents.
- a. Is the utility familiar with or currently using Microsoft Office products such as MS Word or Excel? If so, include the name and version(s) of the software currently used.

Response: We are familiar and using Microsoft Office products 2007 and 2010.

- b. Describe your utility's current internet connectivity status, including connection speed.

Response: We have a dedicated internet connection with 5megabite MPLS.

- c. Is the utility familiar with the Commission's website?

Response: Yes

- d. Has your utility registered on the PSC website and does it have a valid username and password? (This registration would currently be used for Electronic Case Filing, Annual Reports, and Tariff Filings).

Response: Yes

- e. If recommended, would your utility have technical staff available to interface with the PSC Information Services Team to assist in the design and implementation of an automated process for uploading data to the Commission?

Response: Yes

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

4. The following questions relate to the manner by which the utility tracks SAIDI, SAIFI, and CAIDI as stated in response to Items 2. (a) and (b) of the Commission's Order of January 11, 2012.

(a) This question applies to Kentucky Power Company ("Kentucky Power"), Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Duke Energy Kentucky, Inc., ("Duke"), Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Grayson Rural Electric Cooperative Corporation, Inter- County Energy Cooperative Corporation, Jackson Energy Cooperative Corporation, Jackson Purchase Energy Corporation, Kenergy Corp., Kentucky Utilities Company ("KU"), Louisville Gas and Electric Company ("LG&E"), Meade County Rural Electric Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, Owen Electric Cooperative, Inc., Salt River Electric Cooperative Corporation, Shelby Energy Cooperative, Inc., South Kentucky Rural Electric Cooperative Corporation, and Taylor County Rural Electric Cooperative Corporation all of which reported that they tracked SAIDI, SAIFI, and CAIDI using an outage management system or an outage management system in conjunction with an Excel spreadsheet.

(1) Does your utility have the ability to export (or upload) the data to another data base or data system (including an Excel spreadsheet) maintained by the Commission? If not, explain why.

Response: Yes

(2) If not identified elsewhere, identify the file formats to which the utility has the ability to export data.

Response: Excel and Access

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

8. Explain how the SAIDI, SAIFI, and CAIDI indices influence the allocation of capital for system improvement projects within the utility. For the Investor-Owned Utilities Kentucky Power, Duke, KU, and LG&E, explain the manner in which the parent company influences the amount and allocation of capital for system reliability improvements.

Response: The SAIDI, SAIFI, and/or CAIDI would not normally influence major capital expenditures. In most instances the SAIDI, SAIFI, and CAIDI numbers are improved through maintenance and not capital improvements.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

9. Does the utility currently share other types of data with entities outside your organization? If yes, describe those other sharing systems and data, and with whom your utility shares the information.

Response: We exchange shape (.shp) files with PVA offices within our territory.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

10. Identify any disadvantages to making the reliability index numbers available on the Commission's website.

Response: We feel that the indices will be difficult to interpret other than to look at the ranking of how a member's circuit might fall within the system. As far as the system wide indices, we feel members will be comparing indices to other utilities that have very different territories. In addition, a members circuit could be many miles long and surrounded by forest land and the member could be comparing it to a circuit that is very short and over open countryside.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

11. Identify any advantages to making the reliability index numbers available on the Commission's website.

Response: None

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

12. In your opinion, what information would the utility's customers be most interested in having easily accessible? In your opinion, is it more appropriate to have this information available by circuit or system averages? How does your utility relay reliability information to your customers? Explain your answers.

Response: As stated in question 10, we feel the indices by circuit would be nearly useless for members. If this information were presented on the website we would much prefer the system wide numbers, since the difference between two utilities would be more easily explained. Another thing to add is that members would not know what circuit they were fed from on our system. We do not currently provide indices, except on request.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

13. If not identified elsewhere, describe the reliability information available for public review on your utility's website.

Response: We do not currently provide this information on our website.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

14. If the utility's customer requests information from the utility on reliability measures, do you provide it? Explain your answer.

Response: If asked, we can provide reliability information. Our OMS provides historical outage date for each member.

South Kentucky Rural Electric Cooperative Corporation
Case No. 2011-00450
Staff's Second Request for Information

15. Does the utility have a suggestion for a better or more efficient method or manner for reporting or providing reliability information to the public?

Response: The public as a whole is not able to discern reliability data. It should continue to be provided on an as requested basis.