

March 28, 2012

Mr. Jeff Derouen  
Executive Director  
Public Service Commission Kentucky  
211 Sower Boulevard  
Frankfort, KY 40602

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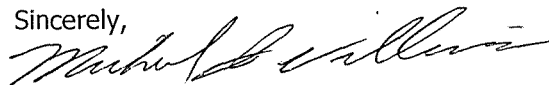
**Subject: Administrative Case No. 2011-00450**

Dear Mr. Derouen:

Please find enclosed the original and 10 copies of the information requested in the Appendix of Case No. 2011-00450, An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities dated March 15, 2012. Chris Brewer, Vice President of Power Delivery, will be the witness responsible for responding to questions related to the information provided.

Should you need additional information concerning this filing, please let me know.

Sincerely,



Michael I. Williams

*President/CEO*  
*Blue Grass Energy*

Enclosures

Copied To: Service List Parties


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**Blue Grass Energy**

A Touchstone Energy<sup>®</sup> Cooperative 

## **Administrative Case No. 2011-00450**

In the Matter of:

An Investigation of the Reliability Measures  
of Kentucky's Jurisdictional Electric  
Distribution Utilities

March 28, 2012



**Blue Grass Energy**

1. The following questions relate to the use of a five-year average of System Average Interruption Duration index ("SAIDI"), System Average interruption Frequency Index ("SAIFI), and 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:** Blue Grass Energy believes that developing a five year average for SAIDI on a circuit-by-circuit basis may not be the ideal way to provide a benchmark basis, as circuit length, number of customers and geography can have a significant impact on reliability calculations. Also, as noted in the order on PSC case# 2006-00494 dated 10/26/07, the volume of data from the number of circuits involved and the resulting reports would likely not be of any practical use on a regular basis.

- 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:** Again as noted in the answer to 1.A. circuit length, number of customers and geography can have a significant impact on reliability numbers. For example a circuit could be relatively short with a small number of customers on it and have very few outages, but due to the number of customers, you could have reliability numbers that could change significantly from year to year and yet the actual performance could be pretty similar as it would not take a large outage to adversely affect the reliability numbers.

- c. 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 SAIDI than the five-year average? Explain your answer.

**Response:** In the case of Blue Grass Energy the cause of the outage is typically corrected at the time of the outage or shortly thereafter. Thus in our opinion, it would not be reasonable to report on these corrective measures as they most likely would be reporting information that had already occurred, as the cause for the majority of outages is corrected as part of the outage restoration.

- 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: Blue Grass Energy believes that developing a five year average for SAIFI on a circuit-by-circuit basis may not be the ideal way to provide a benchmark basis, as circuit length, number of customers and geography can have a significant impact on reliability calculations. Also, as noted in the order on PSC case# 2006-00494 dated 10/26/07, the volume of data from the number of circuits involved and the resulting reports would likely not be of any practical use on a regular basis.**

- 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 SAIDI for that circuit? Explain your answer.

**Response: I assume that this question means to compare a higher SAIFI to a five year SAIFI average, rather than a five year SAIDI average for that circuit. With that assumption, please see the response to 1.B.**

- 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: Please see the response to 1.C.**

- 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: Blue Grass Energy believes that developing a five year average for CAIDI on a circuit-by-circuit basis may not be the ideal way to provide a benchmark basis, as circuit length, number of customers and geography can have a significant impact on reliability calculations. Also, as noted in the order on PSC case# 2006-00494 dated 10/26/07, the volume of data from the number of circuits involved and the resulting reports would likely not be of any practical use on a regular basis.**

- 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: I assume that this question means to compare a higher CAIDI to a five year CAIDI average, rather than a five year SAIDI average for that circuit. With that assumption please see the response to 1.B.**

- 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: Please see the response to 1.C.**

**Witness: Chris Brewer**



**Blue Grass Energy**

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 with 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: Blue Grass Energy would expect to file a confidential information request for the reliability information submitted, especially as it relates to circuit information. We feel the circuit reliability information has the potential to be misinterpreted by others and could result in a false impression of the overall reliability of the utility.**

**Witness: Chris Brewer**





**Blue Grass Energy**

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: Blue Grass Energy currently uses Microsoft Office 2007 and Microsoft Office 2010.**

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

**Response: Blue Grass Energy currently has a wireless internet service, operating at 10 MB/sec.**

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

**Response: Blue Grass energy is familiar with the PSC website.**

- 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: Blue Grass Energy has registered on the PSC website and does have a valid username and password.**

- 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: Blue Grass Energy has technical staff available to work with the PSC Information Services Team to assist in the design and implementation of an automated process.**

**Witness: Chris Brewer**



**Blue Grass Energy**

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: Blue Grass Energy has the ability to export data to another data base or data system.**

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

**Response: Blue Grass Energy, to the best of its knowledge, has the ability to export data to most of the known common file formats.**

- b. This question applies to Cumberland Valley Electric, Inc. and Licking Valley Rural Electric Cooperative Corporation, who reported that they tracked SAIDI, SAIFI, and CAIDI manually. 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: N/A**

**Witness: Chris Brewer**



**Blue Grass Energy**

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: Blue Grass Energy reviews the appropriate SAIDI, CAIDI and SAIFI indices as one of the steps in determining which line construction projects are needed in our Construction Work Plans. Some of the other factors that influence line construction are conductor loading, projected growth and overall line condition. These line construction projects serve as a major part of the system improvement process of our electrical system.**

**Witness: Chris Brewer**



**Blue Grass Energy**

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: Yes, Blue Grass Energy shares data with East Kentucky Power, using a comma separated file format (.csv) to export and import files between the two companies.**

**Witness: Chris Brewer**





**Blue Grass Energy**

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

**Response: One disadvantage with making the reliability numbers available on the Commission's website is that, other than some of the electric utility personnel, most people do not have a good understanding of what the meaning of the different reliability indices are.**

**Also, as mentioned in response to question 2, publicizing circuit reliability numbers has the potential to be misinterpreted by others, which could lead to a false impression of the overall reliability of the utility.**

**Witness: Chris Brewer**



**Blue Grass Energy**

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

**Response: One advantage to making the reliability numbers available on the Commission's website is that it would provide a central location for all reliability numbers, should the Commission require that the numbers be publicized. However, again it has been our experience that the general public does not have a good understanding of the standard reliability indices and this could lead to a misinterpretation by others and reflect badly on a utility's reliability.**

**Witness: Chris Brewer**



**Blue Grass Energy**

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: In the opinion of Blue Grass Energy the customer is most interested in outage information that a company can share during the actual outage, such as the number of customers out and what areas are experiencing an outage. It has been our experience that the customer has not requested reliability numbers. However, I believe if this data was given to the public, it would be better to have the information available based on system averages, as I would think that very few customers would have the knowledge of what circuit they are being served from. Blue Grass Energy discusses with the customer any reliability questions they may have on a case by case basis. We also have an outage viewer on our website that allows the customer to see how many outages we have on-going at that time and a general area of where the outages are occurring.**

**Witness: Chris Brewer**



**Blue Grass Energy**

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

**Response: Blue Grass Energy does not have any reliability numbers posted on the website; however, as noted in the response to question 12 Blue Grass Energy does have an outage viewer located on its website.**

**Witness: Chris Brewer**





**Blue Grass Energy**

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

**Response: As noted in the response to question 12, Blue Grass Energy discusses with the customer any reliability questions they may have on a case by case basis. As far as providing reliability measures to our customers, I believe we would share that information; however, to the best of our knowledge we have not had a request to provide reliability measures.**

**Witness: Chris Brewer**



**Blue Grass Energy**

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?

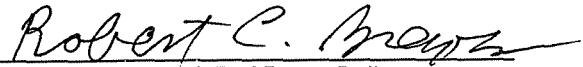
**Response: The only suggestion we have is to use a company's website and to use the various social media platforms to provide relevant and useful information to the public.**

**Witness: Chris Brewer**



## CERTIFICATION

Robert Chris Brewer, state that I am the Vice President of Power Delivery at Blue Grass Energy Cooperative Corp., and I have personal knowledge of the prepared responses to the questions from the Commission Staff in Case No. 2011-00450 dated March 15, 2012, and that the responses are true and correct, to the best of my knowledge, after a reasonable inquiry.



*Robert C. Brewer, VP of Power Delivery  
Blue Grass Energy Cooperative Corp.*

Subscribed and sworn to before me by Robert Chris Brewer, this 28 day of March, 2012.

  
\_\_\_\_\_  
Notary Public  
State of Kentucky  
County of Fayette

My Commission Expires: 9/18/13

#405077

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