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FEB 1 2013

PUBLIC SERVICE
COMMISSION

February 1, 2013

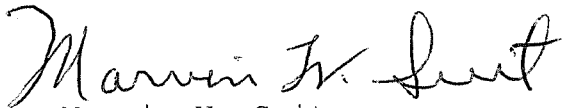
Mr. Jeff Derouen, Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

IN RE: PSC Case No. 2013-00010

Dear Mr. Derouen:

Please find enclosed an original and ten copies of the Answer of Fleming-Mason Energy Cooperative, Inc. to the Complaint filed in the above numbered case.

Sincerely,



Marvin W. Suit
SUIT, PRICE, PRICE & RUARK, PLLC
Counsel for Fleming-Mason Energy Cooperative, Inc.

MWS/mc

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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FEB 1 2013

PUBLIC SERVICE
COMMISSION

In the Matter of:

JEFFREY AND CHRISTY VICE,
COMPLAINANTS

V.

FLEMING-MASON ENERGY COOPERATIVE,
INC.
DEFENDANT

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CASE NO. 2013-00010

ANSWER

Defendant, Fleming-Mason Energy Cooperative, Inc., (FME) respectfully states as follows in response to and for its answer to the complaint in this proceeding:

I. Relief Sought is Outside Statutory Authority

The complaint must be dismissed in so far as the relief sought within the complaint, "compensation" for damaged items of property, is not a type of relief available by statute through such proceedings before the Public Service Commission. That is, it is the understanding of this defendant that the Public Service Commission does not have statutory authority to order the relief sought through the complaint and thus the complaint must be dismissed.

II. Narrative

Without waiving any defenses stated above and elsewhere in this answer and even assuming the complaint should be dismissed given the relief being sought, FME thanks the PSC engineering staff for performing such a thorough investigation of this complaint and assisting FME and Mr. and Mrs. Jeffrey Vice. FME management, engineering staff, field personnel, and administrative staff fully cooperated with Jeff Moore (with Electric and Communications Branch of the Kentucky Public Service Commission) during this investigation (June 28, 2012-November 20, 2012) and will continue to cooperate with the Commission concerning any further issues.

FME designs, constructs and maintains its distribution system pursuant to and consistent with the National Electrical Safety Code and Kentucky Regulations promulgated by this very Commission. It is FME's understanding and position that the PSC's investigation found nothing to suggest that the circuit serving the Vices was inconsistent with the NESC and/or PSC Regulations. In addition, as part of its investigation of the Vices' complaint, the PSC installed a voltage recorder at the transformer pole serving the Vices' home. The voltage tests conducted for the Vices and FME by Eric Bowman and Jeff Moore (8/8/2012-8/30/2012) recorded the following minimum and maximum voltage ranges: VA of 118.0v – 126.3v and 118.5v and 125.9v for VB. As indicated, these are within the allowable tolerances prescribed in 807 KAR 5:401, Section 6, Voltages and Frequency. Many times, when the length of a feeder is

long, it is difficult to keep the voltage within acceptable standards at the end of the line. In this case, the voltage range was between 118V and 126V. This is in line with the engineering design of the system and the required regulations.

Still, FME understands that any loss of equipment or property is frustrating. It is our intent to help any member to determine the cause of a potential problem concerning the electric in the home or business and many times help resolve a potential issue by working with maintenance personnel, outside companies, and contractors.

The goal of FME is to provide reliable electric service to our members and provide quality customer service. FME is disheartened that Mr. and Mrs. Vice do not believe that they received good service. We recognize that service interruptions and momentary voltage fluctuations can occur from time to time which is inherent in the distribution of electricity and beyond the control or reasonable anticipation of FME. As indicated, transmission outages, animals contacting energized equipment/conductors, equipment failure and storms can cause events on circuits. FME by no means concedes that any such occurrences actually caused damages being alleged (as noted by the PSC's investigation report - it is difficult to determine which of these events, if any, caused damage to the Vices' equipment) but even assuming the Vices could somehow prove any of such events had resulted in any specific part of the damages being claimed, FME cannot be and is not required to be the guarantor of uninterrupted service nor is it to be financially responsible for any losses, even if the losses and causation could be proven,

from such events. Again, the design and construction of the system is in line with the NESC; voltage measurements taken by the PSC as part of its investigation meet the required standards; at all times FME conducted timely inspections of the system at issue pursuant to PSC regulations and at all times FME has responded and followed up with any concerns voiced by its members, including the Vices. (As stated by the PSC engineering staff in the final report, (November 20, 2012) the events that impacted the service at the Vice home were documented and responded to by FME personnel. Line technicians and engineering staff were dispatched to investigate causes of interruptions over the period described in the report.)

Following are examples of what FME does to minimize future power quality issues on our distribution lines including this one in question. First, we are required to perform a system inspection on our distribution facilities every two years. This requirement helps us to spot potential hazards that may impact safety and reliability. Problems that are sometimes found during inspections include tree growth into lines, low conductors, deteriorating conductors, bad poles, or right-of-way ingress by customer facilities. The line in question is being inspected more frequently in the interest of our members being served by this line. It has been inspected thoroughly twice in the last two years to identify potential problems. These inspections will continue going forward in an effort to minimize any further issues.

The tree trimming cycle for FME is six years for circuit clearing, and two years for herbicide spraying. We utilize hot-spot trimming as needed upon requests by members or from our own line inspections. The tree growth on this circuit is being monitored more often due to our increased inspections in order to eliminate tree related outages.

However, even with increased trimming and system inspections occurring, it still must be noted that the length in lineal miles from the source impacts reliability of a distribution circuit. This circuit is a long circuit in terms of miles of line. This impacts reliability by offering more chances for lightning to strike the line, animals (birds and small climbing animals) to land on insulators and transformers, farmers inadvertently cutting guy wires, and many other unforeseen problems.

As part of FME's efforts to provide quality customer service to the Vices in consideration of their complaints, FME provided the Vices with a Homeguard voltage surge suppression equipment. The Homeguard voltage surge suppression equipment system is protection for over-voltages that may occur. It is used by installing one surge suppressor at the meter base and other protection devices on specific equipment inside the house. For example, there would be a device at the meter base and a second device on a television for additional protection. The Homeguard equipment and system is manufactured and warranted by a third-party, not FME.

Investigation of the Vices' concerns even after the Homeguard system was provided to them shows that Homeguard equipment at the meter did not function as expected.

When the Vices mentioned an electronic device (a television it appears based upon the records attached to the complaint) had been damaged even after the Homeguard equipment had been provided to them, one of the internal devices to be used to protect such a device was sent off for evaluation. It was determined to not have experienced an overvoltage. If the device inside the home and used by the Vices as indicated for the equipment allegedly damaged had not seen an overvoltage, then there was no reason to suspect the outside equipment in the meter of seeing an overvoltage.

If the Homeguard meter base equipment saw an overvoltage, it should have sounded an audible alarm when an overvoltage occurred. It did not. Rather, the equipment was determined to be damaged and not to have operated as expected. And, as a result, the third-party company behind the Homeguard equipment and system apparently made payments of \$4,143.60 (as per the Complainants statement) in accordance with its contracted warranty of their devices. While not entirely clear at this point, the payments made by the company for Homeguard to the Vices may include payment for damage to items and property for which compensation is additionally being sought in the underlying complaint.

FME is committed to providing the best possible service in terms of customer satisfaction, service and reliability. In this case, we have promptly responded when we were made aware of any potential problems on this circuit. We have set voltage recorders, performed system inspections, trimmed trees, and continue to institute ways to improve service in this area. From the report, this is not a voltage related issue. It is a momentary interruption issue that can often be frustrating for our members as well as our staff. It is our mission to investigate and remedy any electric distribution problems experienced by our members which are within our ability to do so. We pledge to continue to work with the PSC and our members in providing reliable electric service to members in the rural areas of our service area. However we cannot and are not required to guarantee and insure against service interruptions and momentary voltage fluctuations which are inherent in the service of the distribution of electricity.

III. Additional Responses to Allegations in Complaint

The content of the Narrative section above addresses, responds and in effect denies many of the allegations made in and suggested in the complaint. At the risk of significant overlap, in addition to such denials and responses above, below are more specific paragraphs more directly addressing allegations in the complaint.

1. Based upon documents attached to the complaint, it appears that the Vices raised their HVAC system problem as having occurred in or around 11/30/2009, not December 2010 as indicated in the first sentence of the complaint.

2. This defendant does not have information sufficient to enable it to confirm conversations that the Vices contend they had with others throughout the complaint and therefore must deny same on such grounds as indicated and provided by 807 KAR 5:0001.

3. All documents attached to the complaint speak for themselves. However, this defendant is not in a position to attest to and cannot admit to the alleged losses and thus, pursuant to 807 KAR 5:0001, denies same on the grounds of insufficient information at this time.

4. This defendant denies any and all allegations within the complaint, asserted anywhere in the complaint or otherwise, that allege or suggest in any manner that this defendant was negligent or is in any way responsible for compensating the Vices as apparently alleged.

5. This defendant denies the alleged nature and frequency of the issues as suggested throughout the Description of Events attached to the complaint but rather directs the PSC to information provided during the PSC's investigation relating to same. Please see information submitted by this defendant during the PSC's investigation for the timing of events, etc.

6. This defendant denies any and all allegations suggesting it stated that Homeguard would pay for all loss items if it was used. The language of the Homeguard company's warranty materials speaks for itself and this defendant did not represent

otherwise. The Homeguard equipment and materials, including warranty, was provided to the Vices as part of the Homeguard kit. FME simply installed the portion that went into the meter base; the remainder of the materials and equipment were part of the kit provided to the Vices for their in-home use and information. The kit provided included the warranty information.

7. Chris Perry denies making the statement as alleged and as quoted in the complaint and denies same as stated.

8. This defendant denies the allegations that the Homeguard collar indicated “long substantial periods of voltage fluctuations” as alleged in the complaint. The report speaks for itself. This defendant denies that it had the Vices send in the “wrong” item to be inspected as alleged. Had the item been utilized properly as indicated, it would have been between any surge and the item claimed to have been damaged and thus would have protected the property allegedly damaged or shown to have malfunctioned. This defendant incorporates by reference all materials provided to the PSC investigators relating to the Homeguard collar, equipment and system. According to the alleged events and alleged property damage as alleged by the Vices, the Homeguard collar did not function as indicated by the manufacturer. Based upon such allegations, Homeguard reimbursed the Vices for most if not all of the items damaged after its apparent damage to it such that any investigation of it after such damage would not have affected such compensation sought by the Vices in this action; and for any items allegedly damaged

after such damage and malfunction after the internal Homeguard device had been sent in for testing, if the Homeguard devices placed on the meters fail to work properly and allow damages as alleged, then additional use of such a device would not have avoided any damages and claims otherwise are denied. Again, the in-home devices to be used to protect electronic devices such as televisions and computers showed no sign of any overcurrent thus inherently suggesting no overcurrent would have been experienced on the device in the meter and in addition that device was not producing the designed audible sound to suggest an issue.

9. The defendant denies allegations that it took no interest in working with the Vices. See all records and information produced by the defendant to the PSC as part of the PSC's investigation.

10. The voltage measurement readings taken as part of the PSC's investigation were within recognized ranges evidencing proper service to the Vices and this defendant denies any allegations its service to the Vices is in any way not within recognized and appropriate ranges.

11. The defendant denies all damages as alleged by the Vices as same, assuming they could be proven, were not caused by any negligence of this defendant and because same are not established or recognizable recoverable losses.

12. The letters provided by the Vices attached to the complaint are admittedly from two "random" residents and do not constitute allegations against the defendant by

the complainants and thus do not require a response. To the extent a response is perceived to be required, this defendant reiterates and incorporates by reference all statements made above to the extent they may relate to such content and reiterates its denial of any and all claims of negligence and liability and incorporates herein by reference the materials and information it provided to the PSC as part of the PSC's investigation.

13. This defendant denies each and every allegation considered to be part of the complaint against it unless expressly admitted herein.

IV. Additional Defenses

14. In addition to information constituting and supporting defenses of this defendant included in any of the sections above, which are restated and incorporated herein by reference, the following constitute defenses as well:

15. The Vices' request for compensation and claims may be barred in whole or in part by satisfaction, payment and/or release, through receipt of compensation for items from Homeguard or other sources.

16. The Vices' claimed damages may have been the result of a failure in the Homeguard product and/or from the Homeguard protective device not working properly.

17. The defendant denies all damages as alleged by the Vices as same were not caused by any negligence of this defendant and because same are not established or recognizable recoverable types of damages.

18. The Vices' claimed damages may have been the result of misuse and/or a failure of proper use of the Homeguard equipment and kit by the Vices.

19. This defendant complied with all PSC regulations, including but not limited to system inspections of this line at all times at issue. Again, the design and construction of the system is in line with the NESC; voltage measurements taken by the PSC as part of its investigation met the required standards; and at all times FME has responded and followed up with any concerns voiced by its members, including the Vices. As such, FME contends that it has satisfied its obligations and, as indicated, it will continue to work with its members and the PSC to do so in the future.

20. Additional defenses may be learned of in the future and this defendant does not suggest others do not exist or waive any such defenses not presently included in this answer and reserves all rights to raise same.

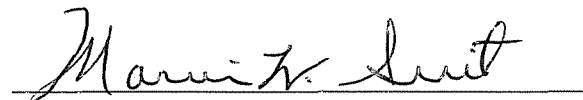
WHEREFORE, the defendant respectfully prays that the complaint be dismissed.


MARVIN W. SUIT
Attorney for Fleming-Mason Energy

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing pleading has this 1st day of February, 2013, been served by U.S. Mail upon the following:

Jeffrey and Christy Vice
86 Appaloosa Lane
Sharpsburg, KY 40375


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