

DORSEY, GRAY, NORMENT & HOPGOOD

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November 8, 2016

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NOV 09 2016

PUBLIC SERVICE
COMMISSION

Dr. Talina R. Mathews
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Kenergy Corp.
Case No. 2016-324

Dear Dr. Mathews:

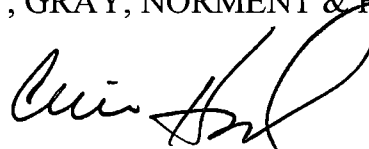
Enclosed for filing please find Testimony of Kenneth Stock and
Notice of Filing of Kenergy Corp.

Your assistance in this matter is appreciated.

Respectfully,

DORSEY, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood
Attorney for Kenergy Corp.

JCH/cds
Encls.

1 **COMMONWEALTH OF KENTUCKY**

RECEIVED

2 **BEFORE THE PUBLIC SERVICE COMMISSION**

NOV 09 2016

3 PUBLIC SERVICE
COMMISSION

4
5 **In the Matter of:**)

6)
7 **KENERGY CORP. FOR ALLEGED FAILURE**)
8 **TO COMPLY WITH KRS 278.042**)

CASE NO. 2016-00324

9
10 **TESTIMONY OF KENNETH STOCK**

11
12
13 Q1. Please state your name, business address and position with Kenergy.

14
15 A. Kenneth Stock, 6402 Old Corydon Road, Henderson, Kentucky 42420. I am Vice
16 President of Operations.

17
18 Q2. What is your educational background?

19
20 A. My resume is attached.

21
22
23 Q3. What is your work experience?

24
25 A. My resume is attached.

26
27 Q4. Have you previously submitted testimony before the Kentucky Public Service
28 Commission?

29
30 A. In Case No. 2015-00312, I have filed data requests.

31
32 Q5. Have you previously submitted testimony before other regulatory agencies?

33
34 A. Yes. I submitted testimony with the Illinois commission that is similar to the
35 Kentucky Public Service Commission.

36
37 Q6. Why should Kenergy be exonerated in this case?
38

1 A. First, the cause of Rhyan Dickerson's injury was Rhyan Dickerson's inexplicable
2 decision to remove his rubber gloves and sleeves while working in the bucket near
3 an energized line. While inexplicable, Kenergy believes there is no evidence that
4 Rhyan Dickerson acted willfully – that he intended to cause the consequences,
5 acted without justification and had a conscious disregard for his own safety.
6

7 Rhyan Dickerson was trained well and knew not to remove his gloves and sleeves.
8 As a third year apprentice, it was acceptable for him to be in the bucket carrying
9 out this task. Simply, had Rhyan kept his gloves and sleeves on, this would not
10 have happened. Rhyan's training with Kenergy was more than adequate. All but
11 four (4) of the allegations are against Rhyan Dickerson directly.
12

13 Second, the other alleged safety violations were not causative to the injury. For
14 example, the allegation that the truck was not barricaded had no bearing on the
15 incident. No one on the ground was at risk for injury. Further, the regulations
16 regarding grounding of vehicles and barricading have been changed. Not only is
17 the allegation immaterial to the incident, it is irrelevant to current practice.
18

19 Third, the last four (4) allegations are duplicative. Kenergy's safety guidelines
20 adopt the NESC. Therefore, to charge Kenergy with violating both the NESC and
21 its own guidelines is undue duplicating of charges.
22

23 In summary, Kenergy's safety training is more than adequate and all the
24 allegations except those against Rhyan Dickerson are not causative and irrelevant.
25

26 Q7. Did Kenergy receive an OSHA citation and pay an OSHA penalty?
27

28 A. Yes, OSHA initially fined Kenergy \$5,600.00 for workplace violations regarding
29 the incident. This was reduced to \$4,600.00 and Kenergy paid that.
30

31 All of the alleged violations in this case involve Kenergy employees who are the
32 subject to OSHA regulations.
33

34 Kenergy should not be subject to multiple investigations and penalties arising out
35 of the same incident. As OSHA is the primary regulating agency for workplace
36 safety, the PSC's charges in this case should be dismissed due to the prior and
37 completely resolved OSHA investigation and penalty.
38

39 Q8. Is the penalty sought too high?
40

41 A. Yes, for two (2) reasons.
42

1 The maximum penalty of \$35,000.00 is based upon duplicative alleged violations.
2 The investigative staff has made a case of three (3) to four (4) arguable violations
3 into 14.
4

5 Second, although Kenergy has not had a safety violation at the PSC since the 2009
6 ice storm, the two (2) penalties that occurred then were \$6,500.00 each (Cases No.
7 2009-430 and 2009-431). Kenergy's neighboring cooperative, Jackson Purchase
8 Electric Corporation, had a death case in the ice storm that resulted in a \$5,000.00
9 penalty (Case No. 2009-326). From February 2009 to August 2016 the Consumer
10 Price Index has increased from 212.709 to 240.853, or between 11% to 12%.
11 Kenergy submits that a penalty of less than \$7,500.00 is more in line with practice.
12 To assert a penalty of \$35,000.00 is arbitrary and capricious in light of historical
13 cases.
14

15 Q9. Can you address each of the alleged violations?
16

17 A. Yes.
18

19 1(a) – (d) All are employee error on the part of Rhyan Dickerson;
20

21 1(e) is the allegation that all employees failed to barricade the truck. While true,
22 no employee was injured by the truck and this OSHA standard has since changed.
23

24 2(a) – (b) All are employee error by Rhyan Dickerson.
25

26 2(c) involves the failure to cover up the stinger wire from the distribution line to
27 the transformer. This is not an NESC requirement and only became causative
28 when Rhyan Dickerson removed his gloves.
29

30 2(d) is the employee's removal of his gloves.
31

32 2(e) Involves the employee's removal of his sleeves.
33

34 3(a) involves personal protection equipment by the employee, Rhyan Dickerson.
35 Again, Kenergy supplied the employee with the training and equipment necessary
36 for the employee to protect himself.
37

38 3(b) The line work minimum approach issue is a confusing issue. Rhyan
39 Dickerson was not within two (2) feet of the distribution line. His work did bring
40 him to within two (2) feet of the stinger line to the transformer. While a more
41 ideal practice would have been to either cover the stinger line or disconnect it,
42 neither step is required under NESC guidelines. It only became a problem when
43 Rhyan Dickerson removed his gloves and sleeves.

1

2 3(c) – (d) are similar to 3(b) and are explained above.

3

4 Q10. Does this conclude your testimony?

5

6 A. Yes.

KENNETH R. STOCK
3750 Ralph Ave, Owensboro, KY 42303
Cell (270) 316-3731
stock@stockmail.net

SUMMARY:

Visionary leader with over 20 years of increasing responsibility and leadership in utility, energy, and project management, development, finance, engineering, operations and maintenance. Extraordinary cross-functional experience and background. Trained U.S. Army Corps of Engineers Center for Public Works Power Engineer, MBA with distinction, licensed Illinois EPA Public Water Supply and Wastewater Treatment System Operations.

AREAS of Expertise:

Full Profit & Loss Responsibility	Vision and Strategy	Budget Development & Accountability
Operations Management	Public Utility Management	Team Building & Leadership
Project Management	Change Management	Project Development
Due Diligence	Negotiations	Program & Project Analytics
Risk Management	Cost Analysis & Reduction	Renewable Energy Systems
Quality & Lean Systems	Smart Grid Applications	Power Transmission & Distribution

PROFESSIONAL EXPERIENCE:

11/2011 to Present Vice President of Operations, Kenergy

- Kenergy Corp is the largest distribution cooperative in the United States in terms of energy sales with annual revenue of over \$500 million. Kenergy serves approximately 56,000 households, commercial enterprises and industries along nearly 7,000 miles of line in all or parts of 14 counties in western Kentucky.
- Responsible for all aspects of company operations to include three district operations centers, system control center, 50 substations, 192 feeders, meter shops, service shops, vegetation management, fleet management, contractor services, contract administration, FERC, NERC, Kentucky Public Service Commission and all other regulatory compliance.
- Manage five direct reports and a department of 80 full time employees and approximately 100 contract employees.
- Manage combined operations, maintenance and capital budget of approximately \$40 million. This number excludes cost of wholesale energy otherwise the responsibility is approximately \$480 million.
- Led engineering, design, procurement and construction of a new \$3 million district operations facility.
- Led cross-department change management team on project implementing new ERP Software conversion which replaced all software company wide.
- Led cross-department change management project implementing new AMI system going from member / customer read to fully automated meter reading.
- Led process improvement project improving system reliability by reducing the average system outage time (SAIDI) by 45% from 146 minutes to 82 minutes over a four year period. Best in class performance.
- Led cross-department change management team evaluating and implementing new LED lighting strategy creating an annual energy efficiency system savings of 7,300,000 kWh or an approximate annual savings of \$730,000.
- Implemented 360 degree employee evaluations providing much needed two-way accountability.
- Primary driver of a, "Service Driven" cultural change. My personal motto, "We become successful by helping others become successful".

05/2010 to 11/2011 Chief Operating Officer, Affinity Wind

- Responsible for project development, feasibility, wind resource analysis, PPA negotiations, generation interconnection, transmission studies, engineering, construction, environmental studies, permitting, turbine siting, FAA analysis, land management, land lease agreements, community relationships and regulatory compliance.
- Increased development pipeline by 10X to over 1,000 MW.
- Secured co-development agreement and formed Joint Venture company with Suzlon.
- Identified and responded to Request For Proposal opportunities.
- Start-up, fund raising and Board of Director experience.

02/2008 to 05/2010 Project Manager, Dynegy

- Responsible for performance operations of 1,800 MW power plant consisting of 3 600 MW units. Two B&W cyclone coal fired units and one Combustion Engineering tangentially coal fired unit. Managed 175 union employees through 5 shift supervisors in 24 hour operation of the plant.
- Maintained unit availability at 94%.
- Project Manager for \$1 billion clean air project including the addition of four dry scrubbers, bag-houses and activated carbon injection systems. Coordinated construction, budget, schedule, contractual obligations, commissioning and start-up activities. Managed 1,000 contract employees through 7 construction engineers.

06/2005 to 02/2008 General Manager / Public Utilities Manager, City of Geneseo, IL

- Full profit and loss responsibility for municipal electric, water and wastewater utilities.
- Management of 29 MW dual fuel diesel and natural gas generation, 3 MW wind generation, two water filter plants, multiple wells and water storage assets, one wastewater treatment facility, fiber optic network, IT facilities, administrative facilities and joint ownership of 700 MW coal plant.
- Completed over \$10 million in capital projects in three years.
- Wrote and received the largest clean renewable energy grant awarded in the state of IL at the time.
- Completed electric, water and wastewater cost of service studies and adjusted rates accordingly through boards of directors and city council eliminating ever growing loss of reserves and establishing a capital improvement fund.
- Negotiated PPA for new power and natural gas supplies.
- Negotiated new network transmission service agreement.
- Registered electric utility to become a MISO market participant.
- Represented the City's utilities in many national, regional and state associations and groups.

05/2004 to 06/2005 Field Service Engineer, Eaton Electrical

- Responsible for a variety of projects to include removal and installation of large power transformers, installation of medium and high voltage substations, switchgear, generators, automatic transfer schemes, metering, relay testing, transformer testing, switchgear testing, SCADA applications, PLC and HMI programming.
- Primary Field Service Engineer for Eaton / Caterpillar joint venture utilizing intelligent switchgear, generators, programmable logic controllers and SCADA for automated generation and load control.

01/2003 to 05/2004 Distribution System Engineer, City of Blaine, WA

- Responsible for municipal electric, water and wastewater systems to include engineering, operations, safety, budgets, maintenance, billing, customer service and power supply contracts with BPA.
- Increased customer base 5.2% by aggressively working with developers outside of city limits but within the City's defined urban growth zone.

06/2000 to 01/2003 Electrical Engineer II, Century Aluminum

- Managed \$200 million annual power contract.
- Responsible for 830 MVA AC/DC substation and all associated distribution equipment.
- Maintained system availability at 99.97%.
- Responsible for \$2 million in annual capital improvement projects.
- Designed and installed load control system saving the company over \$600,000 per year.

05/1997 to 06/2000 Field Service Engineer, Siemens Westinghouse

- Assistant project manager for \$2.4 million renovation of 830 MVA substation.
- Infrastructure area supervisor responsible for operations and maintenance of industrial power distribution equipment 161 kV to 480 volts for new \$1 billion steel plant. 16 direct reports.

08/1994 to 05/1997 Senior Power Station Engineer, U.S. Army Corp of Engineers

- Led assessment teams for FEMA disaster relief missions.
- Led assessment team to evaluate facilities for Memphis District Corp of Engineers
- Supervised operations and maintenance activities on various mobile and stationary power plants in support of U.S. Army global operations.

04/1989 to 08/1994 M1 Battle Tank Armor Crewman, U.S. Army

11/1987 to 04/1989 Medical Supply Specialist, U.S. Army Reserve

EDUCATION:

MBA- Southeast Missouri State University, Cape Girardeau, MO (with distinction 3.9 GPA)

B.S. Business Administration – Indiana State University, Terre Haute, IN

Certificate Environmental Studies Water and Wastewater Operations - Southern Illinois University, Edwardsville, IL

Certificate Advanced Business Studies – Rice University, Houston, TX

Diploma U.S. Army Corp of Engineers Department of Public Works Power Engineer Program, Ft. Belvoir, VA

COMPUTER SOFTWARE:

- Autocad, Microsoft Office Products, Siemens Symadyn D, Siemens PLC software, RS Logix, RS View, Panel-Mate, SAP, Concept, Winconx, Easypower, OSI PI data historian, Ovation, Maximo, Smart Signal, Incode utility accounting and billing software, Utility Center, NISC iVue, Partner software, Milsoft Windmill, Milsoft OMS and many others.

ORGANIZATIONAL MEMBERSHIPS (Past & Present):

IEEE – Institute of Electrical and Electronic Engineers

IMUA – Illinois Municipal Utility Association (Director)

MMTG – Midwest Municipal Transmission Group (Director)

AWWA – American Water Works Association

ILRWA – Illinois Rural Water Association

AWEA – American Wind Energy Association

MISO – Midcontinent Independent System Operator

KY 811 (Director)

NRECA – National Rural Electric Association

KAEC – Safety Subcommittee Director

Adoption Advocate

APPA – American Public Power Association

IPPA – Iowa Public Power Association

IAMU – Iowa Association of Municipal Utilities

ISAWWA – Illinois Section AWWA

EPRI – Cyclone Interest Group

IWEA – Illinois Wind Energy Association

Rotary International

Junior Achievement of Western Kentucky (Director)

KAEC – Kentucky Association of Electric Cooperatives

Licensed Foster Parent – KY & IL

CASE NO. 2016-00324

VERIFICATION

I hereby verify, state and affirm that the testimony filed herein is true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.

Kenneth R Stock
KENNETH STOCK

STATE OF KENTUCKY

COUNTY OF *Henderson*

The foregoing was signed, acknowledged and sworn to before me by KENNETH STOCK, this *7th* day of *November*, 2016.

My commission expires *5-3-2018*

J. Mumford
Notary Public, State of Kentucky at Large

(seal)

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NOV 09 2016

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

KENERGY CORP.)
)
) CASE NO. 2016-00324
)
ALLEGED FAILURE TO)
COMPLY WITH KRS 278.042)

NOTICE OF FILING BY KENERGY CORP.
OF EXECUTIVE ORDER 77-573

KENERGY CORP. submits for filing a certified copy of Governor Julian
M. Carroll's Executive Order 77-573.

DORSEY, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, Kentucky 42420
(270) 826-3965 Telephone
(270) 826-6672 Telefax
Attorneys for Kenergy Corp.

By J. Christopher Hopgood
J. Christopher Hopgood
chopgood@dkgnlaw.com



JULIAN M. CARROLL
GOVERNOR

EXECUTIVE ORDER

77-573

June 30, 1977

Secretary of State

**Frankfort
Kentucky**

RELATING TO REORGANIZATION

Whereas, public officials must constantly seek improvements in the quality of State services and their administration and management; and

Whereas, the governmental organization, coordination, and management greatly affects the quality and effectiveness of public service; and

Whereas, occupational safety and health decisions require a unified and coordinated organizational structure so as to improve compliance with and enforcement of safety and health standards and to more efficiently meet the needs of the people; and

Whereas, the Public Service Commission and Department of Labor have proposed certain modifications of the governmental structure to further the objective of improved management and more effective services to the taxpaying public:

Now, Therefore, I, Julian M. Carroll, Governor of the Commonwealth of Kentucky, by virtue of the authority vested in me by Section 12.025 of the Kentucky Revised Statutes, do hereby order and direct the following reorganization:

1. All functions, authority, and responsibility established



JULIAN M. CARROLL
GOVERNOR

EXECUTIVE ORDER

77-573

June 30, 1977

Secretary of State
Frankfort
Kentucky

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2. The Secretary of the Executive Department for Finance and Administration and the Commissioner of the Department of Personnel shall take all necessary and required action to effect the transfer to the Department of Labor all funds, equipment, outstanding obligations and any and all other resources for the purposes of carrying out the functions, authority, and responsibility now vested in the Department of Labor in accordance with the terms of this Executive Order.

3. All reports, documents, surveys, books, records, files, papers, or other writings in the possession of the Public Service Commission pertaining to the functions, in whole or part, herein transferred to the Department of Labor in accordance with this Executive Order, shall be delivered to the custody of the Department of Labor.

4. All furniture, office equipment, motor vehicles, and other tangible property employed in carrying out the powers, duties, and functions transferred, in whole or in part, in accordance with this Executive Order shall be made available to the Department of Labor.

5. All funds, credits, or other assets held in connection



JULIAN M. CARROLL
GOVERNOR

EXECUTIVE ORDER

77-573

June 30, 1977

Secretary of State
Frankfort
Kentucky

Page three

Executive Order, shall be assigned and credited to the Department of Labor.

7. All rules, regulations, acts, agreements, determinations, and decisions of the Public Service Commission as they pertain to the functions transferred, in whole or in part, in this Executive Order, shall remain in effect as rules, regulations, acts, agreements, determinations, and decisions of the Department of Labor.

8. Any business or other matters undertaken or commenced by the Public Service Commission as they pertain to the functions transferred, in whole or in part, by this Executive Order, or members, officers, or employees thereof, pertaining to, or contracted with, the functions, powers, obligations, and duties enumerated in this Executive Order, may be conducted and completed by the Department of Labor in the same manner and under the same terms and conditions and with the same effect as if conducted and completed by the Public Service Commission.

9. The Chairman of the Public Service Commission shall reassign those employees now responsible for the enforcement of occupational and safety standards with respect to public utilities



JULIAN M. CARROLL
GOVERNOR

EXECUTIVE ORDER

77-573

June 30, 1977

Secretary of State
Frankfort
Kentucky

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of the Kentucky Revised Statutes, to create such positions and to employ the necessary personnel in such positions to enable him to perform the functions herein transferred to the Department of Labor.

This Order shall become effective July 1, 1977.

A large, stylized handwritten signature of Julian M. Carroll, written in black ink over a horizontal line.

JULIAN M. CARROLL

Commonwealth of Kentucky

A handwritten signature of Drayton R. Davis, written in black ink over a horizontal line.