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April 27, 2015

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PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Kentucky Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: Case #2013-00158

Dear Mr. Derouen:

Pursuant to the Settlement Agreement of September 17, 2013 on the above stated case, I have outlined South Kentucky's completion of our vine trimming program.

South Kentucky has completed cutting and spraying vine growth from poles and guy wires throughout our system. Cumberland Tree Experts performed the cutting and spraying of vines after South Kentucky Personnel identified the poles to be treated. Once South Kentucky Employees identified each pole with vine growth the contractors were given detailed maps identifying the pole locations. The contractors could then concentrate their efforts on herbicide application and vine eradication and not on locating problem poles.

South Kentucky Employees began identifying vines to be sprayed in August, 2013 with actual spraying by the contractors beginning in September, 2013. South Kentucky is utilizing both Foliar and Basil Cell Herbicide. Foliar while less expensive can only be used from late spring to early fall due to it entering and killing the plant through its leaves. Basil cell can be used year round (depending on temperature and weather condition) as it works on the woody portion of the plant.

As 2014 progressed it appeared that South Kentucky would finish the program around the first of January 2015; however, due to the bitter cold temperatures and significant snowfall the program was not completed until March 11, 2015, which was the amount of time originally estimated.

The expenditures and results of the vine program from its inception in August 2013 through March, 2015 are as follows:

South Kentucky employees inspected and identified vine growth on all distribution circuits. Our contractors have treated all 143 distribution circuits covering all 6,299 miles of overhead distribution line while cutting and treating 20,943 vines. We have incurred \$526,458.59 in total expenses with \$378,685.78 of this expenditure paid to our right-of-way contractor and the remaining \$147,772.81 being in house expense.

At the beginning of the project we estimated the total contractor cost at \$122,120 per year and for the project to last two and one half years for a total contractor cost of \$305,300. We also estimated South Kentucky labor and transportation costs utilized in identifying the vines would be \$95,025 per year for a total in-house expenditure of \$237,562 and a total project expenditure of \$542,862. South Kentucky employees completed the vine identification quicker than expected and the contractors completed the spraying and treating in the two and one half year time estimated (September 2013 – March 2015). Our expenditures came in \$16,403.41 under our estimated cost which was 3% below the estimate.

We have seen regrowth throughout the system with kudzu being the most problematic species. Kudzu can grow up to 12 inches in 24 hours under ideal weather conditions. In order to completely eradicate the kudzu the entire area must be treated. In some places throughout our system this would require us to spray several acres of land.

South Kentucky obtains the permission of property owners prior to the application of herbicide and we encountered several property owners who did not want herbicide applied. However, we cut the vines in these instances, rather than spraying.

We cannot apply herbicide within the Daniel Boone National Forest due to federal regulations and these vines must be cut with no herbicide treatment applied. We have seen regrowth on our poles within the Daniel Boone National Forest of several different vine species. However, now that we have the vine situation within our system under control, we can aggressively concentrate on addressing vine regrowth going forward.

As part of our right-of-way maintenance program we are expanding the number of employees licensed to apply herbicide.

We will also include training on vine control in our annual hazardous recognition training for employees.

I trust that this update report sufficiently informs the Commission on South Kentucky's progress in this area, and we remain appreciative of the Staff's cooperation and interest. We believe that this concludes this project and that no further reporting is necessary. Certainly, should the Staff disagree or desire further information, please do not hesitate to ask and we will be happy to cooperate with any such inquiry.

Sincerely



Dennis Holt
Vice President of Engineering and Operations
South Kentucky RECC
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