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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
ADMINISTRATIVE CASE NO. 2006-00494**

**JUN 29, 2007
PUBLIC SERVICE
COMMISSION**

**IN THE MATTER OF: AN INVESTIGATION OF THE RELIABILITY
MEASURES OF KENTUCKY'S JURISDICTIONAL UTILITIES AND
CERTAIN RELIABILITY MAINTENANCE PRACTICES**

POST-HEARING BRIEF OF JACKSON PURCHASE ENERGY CORPORATION

Comes Jackson Purchase Energy Corporation (hereinafter "JPEC"), by and through Counsel, and for its Post-Hearing Brief, states as follows:

The first issue to be addressed is whether the Commission should require utilities to report reliability index information such as CAIDI, SAIFI, and SAIDI. JPEC submits that it is unnecessary for the Commission to do so because RUS cooperatives are already required to submit this information on Form 7 reports, which are also currently provided to the Commission. Providing reliability information beyond that already provided on Form 7 would result in an increased cost to members without providing any additional benefit. Further, because each utility has its own methods for collecting, recording, and developing data, no reasonable conclusions can be reached in comparing one utility's reliability data against another.

Should the Commission mandate reporting, it must also determine whether any such reporting requirements should be on a system-wide basis or at the substation level. Because systems of the various utilities vary greatly and because even the areas of a single system can vary, JPEC is of the opinion that utilizing a system-wide index would be most appropriate. However, even using a system-wide index provides only limited information for the Commission's consideration and evaluation. More specifically, utilizing a system-wide index

would only provide information relating to trends in either increases or decreases in system reliability for each utility, standing alone. Each utility must be considered individually because circumstances, such as customer density and geographic conditions, vary so greatly across the state; it would be misleading to compare one system against another. Further, an inflexible standard would not take into account an outage which is caused by a supplier or extreme weather conditions which skew the annual system data giving the appearance of a problem that may not exist. This information would be most useful in establishing elements of a system's operation that may be affecting its reliability, not whether one system is more reliable than another or whether a system is reliable compared to a statewide standard.

The second issue developed by the Commission at the hearing of May 23, 2007, is whether the Commission should develop reliability performance standards for distribution utilities. It is the position of JPEC that any such standard is unnecessary. Pursuant to KRS 278.260, the PSC already has investigative powers which allow it to launch an investigation into system reliability on its own or upon receipt of a complaint. This power allows the Commission to request index information and perform a system inspection to determine whether the utility is providing reliable service to its customers. Accordingly, it seems unnecessary to promulgate a regulation for reliability standards when the Commission already has the power to investigate these matters. Additionally, a single standard would be difficult, if not impossible to impose across the board for all jurisdictional utilities because all utilities vary in the customer density and geography of their individual jurisdictions. More specifically, events out of the control of the utility, such as supplier caused outages or major weather events, can have a significant impact on the reliability indices used. A "one-size-fits-all" approach poses significant concerns,

especially in the event the Commission decides to impose penalties for failing to meet such a standard. Penalties for failing to meet the standard which could be incurred because of unforeseen, uncontrollable events, would not cause an increase in reliability for future years, which should be the ultimate goal. Accordingly, JPEC submits for the Commission's consideration that the corrective action plans, which are required by RUS when reliability data does not meet certain indices, are adequate to address this issue. The corrective action plans ensure that the utility is aware of problem areas and makes plans to correct the same. Further, the RUS field reps review the reliability data and corrective action plans every three years, providing more than adequate oversight which has worked well since the inception of JPEC. Therefore, it seems unduly burdensome to add penalties or duplicative corrective action plans to the utility's requirements because a procedure is already in place to address these issues.

The final issue before this Commission is whether the PSC should develop a vegetation management standard for distribution utilities in Kentucky. JPEC maintains that the Commission should decline to do so. The use of land beneath overhanging lines is limited to that which is necessary for the enjoyment of the principal easement. See *Farmer v. Kentucky Utilities Company*, Ky. 642 S.W.2D 579 (1982). The use of an easement must be as reasonable and as little burdensome to the landowner as the nature and purpose of the easement will permit. *Buck Creek R. Co. v. Haws*, Ky. App., 69 S.W.2d 333 (1934), *Horky v. Kentucky Utilities Co.*, Ky., 336 S.W.2d 588 (1960). Accordingly, any standard established would have to be flexible enough so that it would be deemed reasonable under almost any set of circumstances. Additionally, many utilities enjoy a good relationship with the current owners of property where there are existing easements. As an example, certain customers prefer to have trees trimmed in a

certain way, e.g. rounded or topped off. Generally, if possible, these wishes are complied with. This involves discretion and judgment by the utility in dealing with its customers and landowners. If the utilities are not allowed to utilize that discretion, the ability of utilities to maintain a good working relationship with those individuals and in the eyes of the public could be irreparably damaged.

Further, a burdensome maintenance or right-of-way standard and no room to negotiate the types of trimming to be completed on the property, might make it more difficult for utilities to obtain future easements. With a strict standard, property owners might be less willing to grant an easement over their property at all. JPEC does not currently pay for any such easements, but imposition of too strict of a standard could require it to begin doing so. An increase of the cost of obtaining easements will not benefit the members of JPEC or any other utility within the Commonwealth.

When further considering this matter, the Commission should also be aware that RUS cooperatives are currently inspected every three years to determine whether the cooperative's right-of-way is being properly maintained. If the RUS field representative determines that the vegetation management for a system is inadequate, the utility is required to develop a corrective action plan in order to be compliant with RUS standards. Non-compliance with RUS requirements can result in a termination of funding from RUS. Therefore, RUS cooperatives already have incentive to provide adequate vegetation management without the imposition of additional standards imposed by the Commission.

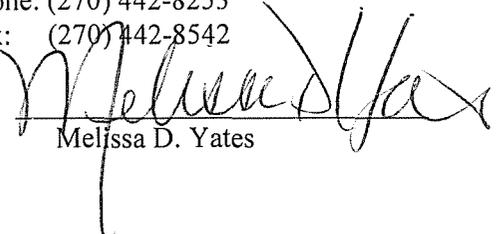
In conclusion, it appears that regulations regarding reporting, reliability and/or vegetation management are unnecessary for RUS cooperatives as requirements and safeguards regarding the same are already in place.

WHEREFORE, Jackson Purchase Energy Corporation respectfully requests that this Commission enter an Order declining to establish reliability reporting requirements, reliability standards, and vegetation management standards as adequate safeguards exist to protect the public's interest.

Respectfully Submitted,

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