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February 22, 2007

Ms. Elizabeth O'Donnell
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Kenergy Corp.
PSC Case 2006-00494

Dear Ms. O'Donnell:

Enclosed for filing please find the original and six (6) copies of Response of Kenergy Corp. to Second Data Request of Commission Staff.

The undersigned hereby certifies that the foregoing, as well as Kenergy's Response to First Data Request of Commission Staff, have been served on those set forth in the attached Service List by mailing true and correct copies this day.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By Frank N. King, Jr.

FNKJr/cds
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COPY/w/encls.: Service List

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This is the Service List for Case 2006-00494

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This is the Service List for Case 2006-00494

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 1) Describe in detail how the company utilized all of the reliability measures it monitors.

Response) Kenergy Corp uses reliability indices to monitor overall system reliability as well as individual circuit performance. We focus on reliability problems due to specific, controllable causes such as right-of-way (tree) issues, conductor and/or tie wire weaknesses and so forth. Uncontrollable factors include public incidents such as "car hitting a pole" or major storms. When specific problems are identified, the Operations and Engineering departments work together to develop and implement corrective actions.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 2) Has the company determined an appropriate operating range or performance threshold based on these measures? If yes, identify.

Response) Kenergy monitors the performance of its circuits. We identify our 10% worst performing circuits each year and determine the causes of reliability problems. When specific, actionable causes exist, we attempt to address those causes in an effort to prevent that circuit from repeating the following year on the 10% worst performing list. We also set system wide SAIFI and SAIDI targets each year and monitor overall system reliability vs. those targets.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 3) Describe in detail how the company develops formal plans to address its worst performing circuits. If the company does not develop such plans, indicate so in the response.

Response) Kenergy conducts a performance analysis of all substations to determine the 10% worst performing circuits. The worst performing circuits are analyzed for the exact cause of each outage. The data is transferred to a map of the identified circuit to assist in developing maintenance or engineering solutions/procedures to help improve reliability.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 4) Why are momentary outages excluded?

Response) For the most part, Kenergy cannot record or track momentary outages past the substation level.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 5) Why are major event days or major storms excluded?

Response) For the most part, Kenergy excludes major storms from the outage indices when developing corrective plans so that we can better focus on addressable facility weaknesses.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 6) Provide a hard copy citing of the Rural Utilities Service ("RUS") reliability monitoring or reporting requirements or, in the alternative, provide an accessible Internet site.

Response) Kenergy utilizes RUS Form 300 is used for reliability reporting requirements. Information relative to RUS Form 300 is accessible at http://www.usda.gov/rus/electric/regs/index.htm 7 CFR part 1730.23.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 7) Provide and describe in detail any service restoration or outage response procedure utilized.

Response) Kenergy utilizes an Emergency Response Plan as a restoration guide during large outages which are declared when sustained outages extend beyond 24 hours. The plan is reviewed and updated annually. Kenergy makes all reasonable efforts to prevent interruptions of service, but when such interruptions occur Kenergy endeavors to re-establish service with the shortest possible delay. During large outage events that include multiple substation circuits, three phase lines, single phase lines, and individual services, the following procedures are used for power restoration. Power is restored to substations first then to the circuits from the stations. Restoration efforts are then focused on three phase and single phase lines that have the greatest number of customers associated with them. Consideration is also given to all priority accounts at this time such as water suppliers, hospitals, and legal authorities, etc. Individual customer outages are next addressed.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 8) Refer to the RUS drawing M1.30G "RIGHT-OF-WAY CLEARING GUIDE" ("ROW Guide"), a copy has been provided in Appendix A.

a. Is this type of clearance requirement appropriate for all areas of a distribution system? If not, what types of exclusions or exceptions should be made?

b. If the distribution utility is not already following this guide, provide an estimate of the cost and time-line to implement.

Response a) No. Among the factors that should be given consideration as exclusions are; whether an easement exists, the width of the easement, tree species and/or type of vegetation in question, and the location of the vegetation (i.e. yard tree, wooded area, etc.).

Response b) Kenergy does not currently follow this ROW Guide. Kenergy's interpretation of this guide is that it only addresses routine circuit maintenance and does not include any cost associated with unplanned tree trimming or capital projects. There are a large number of variables and unquantifiable influences that can impact a utility's vegetation management program making it extremely difficult to determine an accurate estimate for this type of work. However, using historical clearing cost information, our best judgment is as follows:
Cost to trim entire system using guide outlined in Appendix A = $17,000,000 - $19,000,000
Additional cost to trim 30' width for single-phase instead of 20' Kenergy currently follows = $3,000,000 - $5,000,000.

Kenergy' current cycle is approximately 7 years. If a standard guide like the one contained in Appendix A is adopted, the cycle length could remain the same if additional funding is provided to compensate for the additional cost. If this is not the case and the level of expenditures remained fairly constant with current levels, this standard would add approximately two years to Kenergy's cycle. Both of these scenarios assume that Kenergy can successfully obtain land owner permission to trim the additional 10'.

Assumptions:

1. Kenergy currently maintains approximately 5,300 miles of overhead primary line; 70% single-phase and 30% multi-phase.
2. Kenergy's side clearance specifications are 20' for single-phase and 40' for multi-phase. To accommodate a standard of 30' for single-phase line, we would essentially be cutting up to 10' of new right-of-way or 50% more width on a single-phase line.
3. Kenergy does not have a recorded easement for a majority of its single-phase lines. Therefore, in many instances a new, wider easement would have to be secured.
4. Costs are calculated using actual clearing costs incurred during 2005 and 2006.
5. All costs are current dollars.
6. Costs only include trimming costs and do not include legal costs associated with property rights challenges, obtaining easements, etc. which we believe can be substantial.

Witness) Doug Hoyt

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 9) Refer to North American Electric Reliability Corporation ("NERC") standard FAC-003-1 "Transmission Vegetation Management Program" ("NERC Standard"), a copy is attached in Appendix B.

a. Does the company prefer the type of standard described in the NERC Standard over the type of standard described in the ROW Guide? Explain why you prefer one over the other.

b. Refer to section R3 of the NERC Standard and substitute "distribution" for "transmission." Is the distribution utility capable of meeting the reporting requirements described in the section? If not, why not?

c. Again referring to section R3 as applied to distribution, how many sustained outages would be reportable for the calendar year 2006?

Response a) Yes. This type of standard allows each utility to design a standard that is consistent with their system's characteristics (i.e. vegetation management cycle length, terrain, vegetation types and species, budget considerations, easement practices, age of the system, reliability targets, etc.). This type of standard requires the utility to perform some planning associated with vegetation management in order to fully comprehend their system characteristics and implement a successful VM program. It also allows the utility to use the easement documentation currently in place to work with customers to achieve successful program implementation while maintaining program integrity.

Response b) Yes

Response c) Kenergy currently uses a system of categorizing outages using cause codes based upon visual observation following the occurrence similar to that contained in the NERC Standard. Kenergy would not have reported any additional sustained outages for the year.

Witness) Doug Hoyt

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 10) Provide and discuss any right-of-way maintenance standard which is preferable to those identified in questions 1 and 2 above.

Response) Not Applicable

Witness) Doug Hoyt

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 29) Why doesn't Kenergy exclude any outages from its reliability measures?

Response) Kenergy tracks all outage causes because all outages affect our members. Ignoring specific outage causes would lead us to a jaded view of what our customers actually experience. However, when it comes to identifying specific corrective measures we tend to eliminate major storms unless we see recurring causes during storms of this nature or specific causes such as broken poles, downed conductor, or trees causing recurring outages, etc. on a particular circuit.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 30) How many substations are equipped with SCADA? How many are not?

Response) Kenergy has 49 substations and 48 are equipped with SCADA. One station is very small and does not warrant SCADA.

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 31) How many reclosers beyond SCADA-equipped substations are equipped with SCADA?

Response) None

Witness) Gerald Ford

KENERGY CORP.
RESPONSE OF KENERGY CORP.
TO SECOND DATA REQUEST OF COMMISSION STAFF

CASE NO. 2006-00494

Item 32) Describe in detail the capabilities of the Outage Management System to monitor outages and provide reliability-related information.

Response) Kenergy Corp uses the Utility Automation Inc. (UAI) outage management system. This Outage Management System (OMS) is Geographical Information System (GIS)-based and the complete distribution system is displayed on a computer generated map. The OMS reflects each customer reported outage call onto the system map. The System Controller in the central dispatch center utilizes multiple large screen monitors to observe, coordinate and address/control all outages. The OMS has a prediction function that will determine which protective device is out and predicts an outage's scope based on the number of customers served by that protective device. This outage information is displayed on the maps that the System Controller monitors. The System Controller will assign outages to crews using OMS information based on the priorities set in the Emergency Response Plan which are described in response to Item 7, page 1 of 1. When the outage has been restored, all pertinent information concerning the outage is transferred to the OMS data base and then resides in historical files. Kenergy uses this historical information to monitor station, circuit and system reliability indices along with outage causes.

Witness) Gerald Ford