

December 11, 2007

RECEIVED DEC 1 2 2007 PUBLIC SERVICE COMMISSION

Mr. Jim Welch Director of Engineering Public Service Commission P. O. Box 615 Frankfort, KY 40602-0615

RE: Administrative Case No. 2006-0494

Dear Mr. Welch:

Enclosed is the Vegetation Plan for Shelby Energy Cooperative as requested in the above order dated October 26, 2007.

Should you have any questions or need further information, please contact our office.

Sincerely,

Dellie Martin

Debbie Martin President & CEO

Enclosure

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In Matter of:

AN INVESTIGATION OF THE RELIABILITY)MEASURES OF KENTUCKY'S)JURISDICTIONAL ELECTRIC)DISTRIBUTION UTILITIES AND CERTAIN)RELIABILITY MAINTENANCE PRACTICES)

ADMINISTRATIVE CASE NO. 2006-0494

SHELBY ENERGY COOPERATIVE RESPONSE TO ORDER FOR VEGETATION PLAN

DATED OCTOBER 26, 2007

SHELBY ENERGY COOPERATIVE 620 Old Finchville Road Shelbyville, KY

VEGETATION MANAGEMENT PLAN

Vegetation management plays an integral role in accomplishing a significant portion of the mission statement for Shelby Energy Cooperative (Shelby Energy): <u>Safety and</u> <u>Reliability; Quality Service;</u> Competitive Rates; Community Development; Lasting Value. By maintaining effective vegetation control, Shelby Energy is able to provide a safer environment for the public by reducing possible contact with power lines, safer conditions for employees and contractors to perform daily work of construction or maintenance by sustaining clearance from electric lines, and preserving or improving service reliability and quality by preventing contact between vegetation and service lines that ultimately result in power outages.

Shelby Energy is an electric distribution system serving ten (10) counties: Shelby, Henry, Trimble, Carroll, Owen, Oldham, Jefferson, Franklin, Spencer, and Anderson. The system consists of approximately 15,100 meters and 2,022 miles of overhead and underground primary conductor. Shelby Energy members are served by eleven (11) substations that are owned and operated by East Kentucky Power Cooperative located in Winchester, KY. An attachment showing the service territory and substations for Shelby Energy is included (Exhibit 1).

ROW CLEARING CYCLE

Shelby Energy uses a clearing cycle of five (5) years that combines right-of-way trimming and right-of-way spraying to complete the five-year rotation. A total of three (3) contract trimming crews are utilized by Shelby Energy with no less than two (2) crews working year around as weather permits. One (1) spraying crew is used several months during the summer season. On average, 360 miles of line are cleared of vegetation by trimming crews and 42 miles of line are sprayed annually. Shelby Energy complies with the RUS Right-of-Way Clearing Guide - M1.30G and a copy is attached (Exhibit 2).

RELIABILITY CRITERIA AND REPORTS

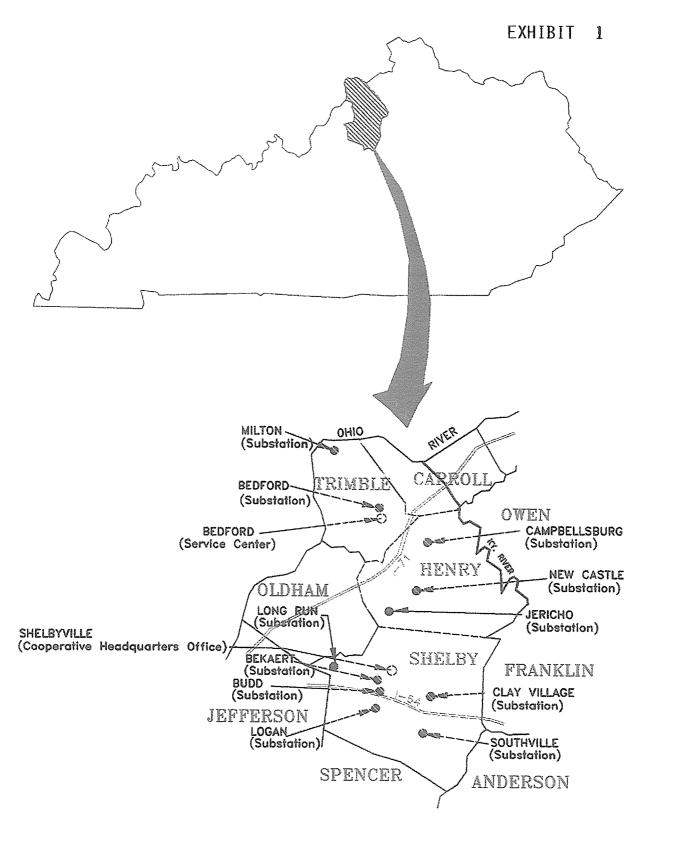
Operations and engineering employees of Shelby Energy monitor daily, monthly, and annual outage reports and service requests initiated by employees, contractors and cooperative members. This information is reviewed to determine if trends exist indicating a deterioration of service quality or reliability within any service area. In addition, Shelby Energy utilizes the services of a consulting professional engineer to review outage data and assist in resolving service quality or reliability issues.

PERFORMANCE OF MAINTENANCE

Shelby Energy evaluates the service territory trimmed and sprayed based on the right-ofway clearing cycle established and adjusts scheduled clearing as needed to manage the right-of-way cycle and maintain a high standard of service quality and reliability. Any trouble area receives immediate attention to resolve associated outage or service issues as discovered during the evaluation. In addition, construction and engineering personnel, service crews, and contract crews report, during routine work performance and patrolling throughout the year, any specific location that requires vegetation cleared immediately.

PLAN EVALUATION

Shelby Energy regularly monitors outages to determine the cause. These findings are compared monthly, annually, and over a five (5) year period to determine if trends showing a decline in service quality or reliability are developing within an area of the cooperative's system. Employees of Shelby Energy's engineering department work with a consulting professional engineer to calculate, review, and evaluate SAIFI, SAIDI, and CAIDI. The professional engineer, operations, and engineering personnel of Shelby Energy continuously verify that any issues with trouble service areas are resolved in a timely manner that best benefits the members of the cooperative.



SHELBY ENERGY COOPERATIVE SERVICE AREA

EXHIBIT 2

