



Steven L. Beshear  
Governor

Robert D. Vance, Secretary  
Environmental and Public  
Protection Cabinet

Larry R. Bond  
Commissioner  
Department of Public Protection

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

John W. Clay  
Vice Chairman

Caroline Pitt Clark  
Commissioner

March 4, 2008

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
Post Office Box 615  
Frankfort, KY 40602

Re: Jackson Purchase Energy Corporation  
Case No. 2007-00456

Dear Ms. O'Donnell:

Attached hereto is the Stipulation of Facts and Settlement Agreement entered into by Jackson Purchase Energy Corporation and Commission Staff. Please place this in the official case file.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Quang D. Nguyen".

Quang Nguyen  
Staff Attorney

vh/  
Enclosure

cc: Ms. Melissa D. Yates  
Denton & Keuler  
P. O. Box 929  
Paducah, KY 42002

W. DAVID DENTON  
THOMAS J. KEULER  
WILLIAM E. PINKSTON  
LISA H. EMMONS  
DAVID L. KELLY  
THEODORE S. HUTCHINS\*  
GLENN D. DENTON\*  
STACEY A. BLANKENSHIP  
MELISSA D. YATES\*  
NEAL D. OLIPHANT  
DOUGLAS R. MOORE

*\*Also Licensed To Practice in Illinois*

# DENTON & KEULER

ATTORNEYS AT LAW  
*A Limited Liability Partnership*

PADUCAH BANK BUILDING SUITE 301  
555 JEFFERSON STREET  
P.O. BOX 929  
PADUCAH, KENTUCKY 42002-0929

TELEPHONE  
(270) 443-8253

FACSIMILE  
(270) 442-6000

REAL ESTATE FACSIMILE  
(270) 442-6034

WEB SITE: [www.dklaw.com](http://www.dklaw.com)

February 28, 2008

**VIA FEDERAL EXPRESS**

HON QUANG NGUYEN  
PUBLIC SERVICE COMMISSION OF KENTUCKY  
211 SOWER BOULEVARD  
FRANKFORT KY 40602

**Re: Jackson Purchase Energy Corporation  
Case No. 2007-00456**

**RECEIVED**

FEB 29 2008

PUBLIC SERVICE  
COMMISSION

**RECEIVED**

FEB 29 2008

**GENERAL COUNSEL**

Dear Mr. Nguyen:

Enclosed please find the original and copy of the Stipulation of Facts and Settlement Agreement as relates to the above-noted matter which has been executed by Kelly Nuckols, President and CEO of Jackson Purchase Energy Corporation. We request that you return a fully executed copy of same in the envelope provided.

Thank you for your attention to this matter.

Sincerely,



Vickey L. Martin  
Paralegal to

Melissa D. Yates  
Attorney for Jackson Purchase Energy Corporation ("JPEC")

Enclosure

99170

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JACKSON PURCHASE ENERGY CORPORATION )  
\_\_\_\_\_ ) CASE NO. 2007-00456  
ALLEGED FAILURE TO COMPLY )  
WITH KRS 278.042 )

STIPULATION OF FACTS AND SETTLEMENT AGREEMENT

By Order dated November 15, 2007, the Commission initiated this proceeding to determine whether Jackson Purchase Energy Corporation ("Jackson Purchase") should be subject to the penalties prescribed in KRS 278.990 for six probable violations of KRS 278.042, which requires an electric utility to construct and maintain its plant and facilities in accordance with the most recent edition of the National Electrical Safety Code ("NESC"). The six probable violations cited by the Commission's November 15, 2007 Order are as follows:

- NESC Section 42, Rule 420.C.4, which requires employees while working in the vicinity of energized lines to consider all the effects of their actions and to take into account their own safety, the safety of other employees, the property of others, and the public in general;
- NESC Section 42, Rule 420.H, which requires employees to use personal protective equipment, protective devices, and special tools provided for the work;
- NESC Section 42, Rule 421.A.2, which requires a supervisor to see that safety rules and operating procedures are observed by the employees under the direction of the supervisor;
- NESC Section 44, Rule 441.A.3.a, which requires exposed grounded lines, conductors, or parts in the work be guarded or insulated;

- NESC Section 44, Rule 443.A.1, which requires employees working on energized lines and equipment shall either insulate themselves from the energized parts or isolate or insulate themselves from ground and grounded structures, and potentials other than the one being worked on; and
- NESC Section 44, Rule 443.D, which requires employees to avoid working on equipment or lines in any position from which a shock or slip will tend to bring the body toward exposed parts at a potential different than the employees body and which requires that work be generally done from below, rather than from above.

The alleged violations arose from an August 7, 2007 accident in which Joshua Champion, an employee with Hendrix Electric, sustained injuries after coming into contact with a clamp energized at 7,200 volts while at the same time making contact with a grounded clevis. At the time of the accident, Hendrix Electric was under contract with Jackson Purchase to work on a three-phase reconductoring project.

On December 9, 2007, Jackson Purchase filed a response to the Commission's November 15, 2007 Order. Jackson Purchase's response denied the NESC violations cited by the Commission. Jackson Purchase subsequently requested an informal conference, which was held at the Commission's offices on January 9, 2008.

Discussions during the informal conference between Jackson Purchase and Commission Staff resulted in the following Stipulation of Facts and Settlement Agreement ("Stipulation") which is submitted for the Commission's consideration in rendering its decision:

1. Jackson Purchase agrees that the Staff's Incident Investigation Report ("Report"), Appendix A to the Commission's November 15, 2007 Order, accurately describes and sets forth the material facts and circumstances surrounding the incident.

2. Jackson Purchase agrees to perform safety audits once each full calendar month on each Jackson Purchase crew and each contractor crew, pursuant to the

NESC. Audits will only be conducted on Jackson Purchase crews and contractor crews performing work on Jackson Purchase distribution facilities. In the event Jackson Purchase encounters extended emergencies and outages or contract crews are relocated outside Jackson Purchase's service area, safety audits would not be required during that calendar month. Written summaries of each audit shall be maintained by Jackson Purchase, and one Jackson Purchase employee shall be designated as responsible for ensuring that the monthly audits are performed and that the written records are maintained and available for review upon request by the Commission.

3. Jackson Purchase agrees to pay a civil penalty in the amount of \$7,500 in full settlement of this proceeding. The scope of this proceeding is limited by the Commission's November 15, 2007 Order to whether Jackson Purchase should be assessed penalties under KRS 278.990 for willful violations of the NESC rules as made applicable under KRS 278.042. Neither the payment of the civil penalty, nor any other agreement contained in this Stipulation, shall be construed as an admission by Jackson Purchase of a willful violation of any Commission regulation or NESC rule, nor shall it be construed as an admission by Jackson Purchase of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Report, nor shall the Commission's acceptance of this Stipulation be construed as a finding of a willful violation of any Commission regulation or NESC rule.

4. In the event that the Commission does not accept this Stipulation in its entirety, Jackson Purchase and Staff reserve their rights to withdraw therefrom and require that a hearing be held on any and all issues involved herein, and that none of the provisions contained herein shall be binding upon the parties thereto, used as an

admission by Jackson Purchase of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Report, or otherwise used as an admission by either party.

5. This Stipulation is for use in Commission Case No. 2007-00456, and neither party hereto shall be bound by any part of this Stipulation in any other proceeding, except that this Stipulation may be used in any proceeding by the Commission to enforce the terms of this Stipulation or to conduct a further investigation of Jackson Purchase's service, and Jackson Purchase shall not be precluded or estopped from raising any issue, claim, or defense therein by reason of the execution of this Stipulation.

6. Jackson Purchase and Staff agree that the foregoing Stipulation is reasonable, is in the public interest, and should be adopted in its entirety by the Commission. If so adopted by the Commission, Jackson Purchase agrees to waive its right to a hearing and will not file any petition for rehearing or seek judicial appeal.

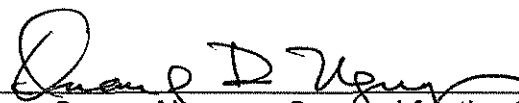
IN WITNESS WHEREOF, the parties hereto have hereunto affixed their signatures this 28<sup>th</sup> day of February, 2008.

**Jackson Purchase Energy Corporation**

By: 

Title President & CEO

**Staff of the Kentucky Public Service Commission**

By:   
Quang Nguyen, Counsel for the Staff