



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

March 28, 2012

RECEIVED

Mr. Jeff Derouen
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, KY 40602

MAR 30 2012
**PUBLIC SERVICE
COMMISSION**

Subject: Administrative Case No. 2011-00450 Second Request

Dear Mr. Derouen:

Please find enclosed the original and 10 copies of the information requested in the Second Request of Case No. 2011-00450, An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities Dated March 15, 2012. Kenneth R. Stock, Vice President Operations, will be the witness responsible for responding to questions related to the information provided.

Should you need additional information concerning this filing, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandy Novick".

Sandy Novick
CEO

Enclosures



RECEIVED

MAR 30 2012

PUBLIC SERVICE
COMMISSION

P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

ADMINISTRATIVE CASE NO. 2011-00450

In the Matter of:

**An Investigation of the Reliability Measures
Of Kentucky's Jurisdictional Electric
Distribution Utilities**

Second Request

March 28, 2012



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

ADMINISTRATIVE CASE NO. 2011-00450

SECOND REQUEST FOR INFORMATION

DATED March 15, 2012

1. The following questions relate to the use of a five-year average of System Average Interruption Duration Index ("SAIDI"), System Average Interruption Frequency Index ("SAIFI"), and Customer Average Interruption Duration Index ("CAIDI") on a circuit basis as a benchmark to determine the relative reliability of an individual circuit.

- a. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average SAIDI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: Kenergy currently has 189 circuits. Though Kenergy diligently monitors the performance of each circuit to include SAIDI, Kenergy does not believe reporting the five year average SAIDI on a circuit by circuit basis will benefit Kenergy's membership, the PSC, or the company. The parties are better served by reporting and focusing on the top 10 worst performing circuits. The compiling and analyzing of this data is very labor intensive as many of the issues that caused the higher SAIDI on any given circuit may have been corrected at the time of the incident. These particular items then do not warrant the same attention as other items or issues that yet require or warrant action.

- b. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher SAIDI than the utility's five-year average SAIDI for that circuit? Explain your answer.

Response: Kenergy believes there is value to analyzing and reporting if the top 10 worst performing circuits have a higher SAIDI than the utility's five-year average SAIDI for that circuit. Kenergy does not believe there is value to perform this task for every circuit.



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

- c. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher SAIDI than the five-year average? Explain your answer.

Response: Kenergy believes there is value to analyzing and reporting the planned corrective measures for the top 10 worst performing circuits.

- d. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average SAIFI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: Kenergy does not believe there is value in developing and reporting a five-year average SAIFI on a circuit by circuit basis. This task would be labor intensive and the information collected and reported may not be relevant to the utility once the issues are corrected. Five-year rolling average data could be misleading once issues have been addressed.

- e. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher SAIFI than the utility's five-year average SAIDI for that circuit? Explain your answer.

Response: Kenergy believes that there is not a strong enough correlation between the two indices to warrant this comparison.

- f. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher SAIFI than the five-year average? Explain your answer.

Response: Kenergy believes there is value in analyzing and reporting the planned corrective measures for the top 10 worst performing circuits.

- g. In your opinion, is it reasonable for the Commission to require each utility to develop and report a five-year average CAIDI on a circuit-by-circuit basis as a benchmark for comparison purposes? Explain your answer.

Response: Kenergy does not believe there is value in developing and reporting a five-year average CAIDI on a circuit by circuit basis. This task would be labor intensive and the information collected and reported may not be relevant to the utility once the issues are corrected. Five-year rolling average data could be misleading once issues have been addressed.



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

- h. In your opinion, is it reasonable for the Commission to require each utility to explain why a particular circuit has a higher CAIDI than the utility's five-year average SAIDI for that circuit? Explain your answer.

Response: Kenergy does not believe there is value in making this comparison as the system is comprised of circuits that vary greatly in their structure and loading.

- i. In your opinion, is it reasonable for the Commission to require each utility to explain the planned corrective measures for the circuit with a higher CAIDI than the five-year average? Explain your answer.

Response: Kenergy believes there is value in analyzing and reporting the planned corrective measures for the top 10 worst performing circuits.

2. KRS 61.870 through KRS 62.884 address open records of public agencies and 807 KAR 5:001, Section 7, pertains to confidential material submitted to the Commission. Do you anticipate that some information submitted concerning the utility's circuits, whether with regard to SAIDI, SAIFI, CAIDI, or other reporting, could contain confidential, proprietary, or critical infrastructure information for which a petition for confidential information may also be submitted? Explain your answer. In your answer, provide examples of the type of information for which you may seek confidential protection.

Response: Kenergy does not feel that the current format of submitted information regarding SAIDI, SAIFI, and CAIDI warrants confidential protection. Kenergy is concerned that if, "other reporting", is expanded that the information may then contain confidential, proprietary, or critical infrastructure information. Kenergy would seek confidential protection for information related to any of Kenergy's members, infrastructure locations, specific load data, specific power supply data, specific transmission data, and other related or relevant information.

3. Please describe your utility's current capacity to compose electronic documents.
 - a. Is the utility familiar with or currently using Microsoft Office products such as MS Word or Excel? If so, include the name and version(s) of the software currently used.

Response: Kenergy is currently using MS Word 2010 and MS Excel 2010.



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

- b. Describe your utility's current internet connectivity status, including connection speed.

Response: Kenergy has two fiber connections. One is a 6 mb connection through HMPL (Henderson Municipal Power & Light) and a redundant circuit which is a T-1 connection from OMU (Owensboro Municipal Utilities).

- c. Is the utility familiar with the Commission's website?

Response: Yes.

- d. Has your utility registered on the PSC website and does it have a valid username and password? (This registration would currently be used for Electronic Case Filing, Annual Reports, and Tariff Filings).

Response: Yes, for outage reporting purposes.

- e. If recommended, would your utility have technical staff available to interface with the PSC Information Services Team to assist in the design and implementation of an automated process for uploading data to the Commission?

Response: Yes.

4. The following questions relate to the manner by which the utility tracks SAIDI, SAIFI, and CAIDI as stated in response to Items 2. (a) and (b) of the Commission's Order of January 11, 2012.

- a. This question applies to Kentucky Power Company ("Kentucky Power"), Big Sandy Rural Electric Cooperative Corporation, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Inc., Duke Energy Kentucky, Inc. ("Duke"), Farmers Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Grayson Rural Electric Cooperative Corporation, Inter-County Energy Cooperative Corporation, Jackson Energy Cooperative Corporation, Jackson Purchase Energy Corporation, Kenergy Corp., Kentucky Utilities Company ("KU"), Louisville Gas and Electric Company ("LG&E"), Meade County Rural Electric Cooperative Corporation, Nolin Rural Electric Cooperative Corporation, Owen Electric Cooperative, Inc., Salt River Electric Cooperative Corporation, Shelby Energy Cooperative, Inc., South Kentucky Rural Electric Cooperative Corporation, and Taylor County Rural Electric Cooperative Corporation all of



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

which reported that they tracked SAIDI, SAIFI, and CAIDI using an outage management system or an outage management system in conjunction with an Excel spreadsheet.

1. Does your utility have the ability to export (or upload) the data to another data base or data system (including an Excel spreadsheet) maintained by the Commission? If not, explain why.

Response: Yes.

2. If not identified elsewhere, identify the file formats to which your utility has the ability to export data.

Response: Excel, PDF, SQL table format, and MS Access

- b. This question applies to Cumberland Valley Electric, Inc. and Licking Valley Rural Electric Cooperative Corporation, who reported that they tracked SAIDI, SAIFI, and CAIDI manually. Does your utility have the ability to export (or upload) the data to another data base or data system (including an Excel spreadsheet) maintained by the Commission? If not, explain why.

Response: N/A.

8. Explain how the SAIDI, SAIFI, and CAIDI indices influence the allocation of capital for system improvement projects within the utility. For the Investor-Owned Utilities Kentucky Power, Duke, KU, and LG&E, explain the manner in which the parent company influences the amount and allocation of capital for system reliability improvements.

Response: Circuit and system reliability are of the utmost importance to Kenergy and its membership. Kenergy's capital investment program is governed by board policy and monitored via (RUS) Rural Utilities Services finance codes and approved construction work plans. Annually, Kenergy evaluates the work remaining in the construction work plan versus areas identified by SAIDI, SAIFI, and CAIDI. Coinciding areas are advanced in the priority of work to be performed. Other areas identified by the indices may be acted upon with priority or identified to be addressed in future work plans depending on their effect on overall system reliability.



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

9. Does the utility currently share other types of data with entities outside your organization? If yes, describe those other sharing systems and data, and with whom your utility shares the information.

Response: Kenergy makes outage information available to the membership and public via its website. Due to certain shared services agreements, Kenergy's Generation and Transmission provider, Big Rivers Electric, has access to Kenergy load, outage, and system data.

10. Identify any disadvantages to making the reliability index numbers available on the Commission's website.

Response: Kenergy is concerned with the fact that this type of data may contain or reflect issues that have already been resolved, especially, if five-year averages are also made available. This could have a very negative affect on economic development in a given area even though the issue or deficiency has already been addressed.

11. Identify any advantages to making the reliability index numbers available on the Commission's website.

Response: No advantages given the possibilities mentioned in number 10 above.

12. In your opinion, what information would the utility's customers be most interested in having easily accessible? In your opinion, is it more appropriate to have this information available by circuit or system averages? How does your utility relay reliability information to your customers? Explain your answers.

Response: Customers are most interested in knowing the rates they pay, company contact information, billing information, and outage information. SAIDI, SAIFI, and CAIDI are very confusing to the general customer. Kenergy communicates reliability to its membership via monthly publications, the company website, and member meetings but not generally in terms of SAIDI, SAIFI, and CAIDI.

13. If not identified elsewhere, describe the reliability information available for public review on your utility's website.

Response: See Item 12 above.



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

14. If the utility's customer requests information from the utility on reliability measures, do you provide it? Explain your answer.

Response: Yes

15. Does the utility have a suggestion for a better or more efficient method or manner for reporting or providing reliability information to the public?

Response: Kenergy believes the respective utility is the best source for reporting or providing reliability information to the public.



P.O. Box 1389 • 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(800) 844-4832

CERTIFICATION

Kenneth R. Stock, being duly sworn, states that he has prepared the responses to the questions from the Commission Staff's to Kenergy Corporation in Case No. 2011-00450 dated January 11, 2012, and that the responses are true and accurate to the best of his knowledge, information and belief formed after a reasonable inquiry.

Kenneth R. Stock

Kenneth R. Stock, Vice President Operations
Kenergy Corporation

Subscribed and sworn to before me by Kenneth R. Stock as Vice President Operations of Kenergy Corporation this 30th day of January 2012.

Jammy Montgomery, #416488
NOTARY PUBLIC
STATE OF KENTUCKY
COUNTY OF DAVIESS

My Commission Expires April 24, 2014