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

February 1, 2012

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

Subject: Administrative Case No. 2011-00450

Dear Mr. Derouen:

Please find enclosed the original and 10 copies of the information requested in the Appendix of Case No. 2011-00450, An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities Dated January 11, 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,

Sandy Novick
CEO

Enclosures

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ADMINISTRATIVE CASE NO. 2011-00450

In the Matter of:

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

February 1, 2012

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APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION

IN ADMINISTRATIVE CASE NO. 2011-00450 DATED January 11, 2012

1. The following questions relate to the data maintained by each utility.
   a. Identify the number of circuits currently maintained by the electric utility.

      Response: 195

   b. Does the utility calculate separate SAIDI, SAIFI, and CAIDI indices for each circuit? If no, explain why not and explain the degree to which the utility tracks the following:
      (1) SAIDI;
      (2) SAIFI; and
      (3) CAIDI.

      Response: Yes

   c. Identify any other reliability indicator or measure the utility uses to assess reliability. Explain the significance of each indicator or measure used. Does the utility maintain these indicators or measures for each circuit?

      Response: Additionally Kenergy looks at the number of customer complaints and the total number of outages on each circuit.

2. The following questions refer to the manner in which each utility calculates and tracks the SAIDI, SAIFI, and CAIDI indices.
   a. Identify the manner in which the indices are calculated and tracked; i.e., manually (Excel spreadsheet), or an electronic or mechanized (outage reporting) system.

      Response: Kenergy utilizes an electronic OMS Outage Management System to calculate and track SAIDI, SAIFI, and CAIDI. Additionally, Kenergy uses an Excel spreadsheet format to back-up the electronic system.

   b. If the response to Item 2.a. above is electronic or mechanized, provide a description of the system and explain whether it was developed internally or purchased from a third-party vendor. If purchased from a third-party vendor, provide the name of the vendor and an estimate of the original cost of the system.

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Response: The electronic system utilized by Kenergy was developed by BREC Big Rivers Electric Corporation and takes information from the Trimble Outage Management System and pushes it to the AS400 database. The information is then displayed via a web browser based Digital Dashboard system.

c. If the response in Item 2.a. above is manually, provide a description of the elements tracked. Discuss in detail any inquiry made into the internal development of an electronic or mechanized system or any consideration of the purchase of a system from a third-party vendor.

Response: Kenergy's manual system of tracking the indices is only utilized as a back-up to the electronic system described in 2.b above.

3. Concerning SAIDI, SAIFI, and CAIDI reporting: the Commission directed that the reporting be based on the criteria and definitions set forth in the IEEE Standard.
   a. If the utility does not follow the IEEE Standard, explain why not. Explain what standard(s) the utility does follow in its calculation of SAIDI, SAIFI, and CAIDI.

Response: Kenergy follows the IEEE Standard.

b. Does the utility track and review SAIDI, SAIFI, and CAIDI monthly, quarterly, or annually?

Response: Kenergy tracks SAIDI and SAIFI monthly and tracks CAIDI annually.

c. Are SAIDI, SAIFI, and CAIDI tracked on a rolling 12-month period or for a more discrete period of time; i.e., monthly, quarterly or annually?

Response: Kenergy tracks SAIDI and SAIFI monthly and on a rolling 12-month basis. Kenergy tracks CAIDI annually.

d. Currently, in each annual report submitted pursuant to the Final Oder in Case No. 2006-00494, each utility provides system-wide SAIDI, SAIFI, and CAIDI calculated for a calendar year. Identify any other preferred 12-month reporting parameter; i.e., calendar year, fiscal year, or some other 12-month method.

Response: Kenergy prefers the use of the calendar year method.

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e. Does the utility review SAIDI, SAIFI and CAIDI by any discrete fashion such as by division, district, region or some other method?

Response: No.

4. The following questions relate to the requirement that each utility report the ten worst-performing circuits for each index in the annual report submitted pursuant to the Final Oder in Case No. 2006-00494.
   a. If the utility does not track SAIDI, SAIFI and CAIDI for each circuit, explain how the ten worst-performing circuits are identified.

      Response: Kenergy tracks SAIDI, SAIFI and CAIDI for each circuit.

   b. Does the utility see benefit in expanding the reporting of the worst-performing circuits to the 15 or 20 worst-performing circuits for each index?

      Response: Kenergy does not see a benefit to expanding the reporting of the worst-performing circuits because typically after the calculating the top 4 or 5 worst-performing circuits, all the remaining circuits are very close in the calculation results of the indices.

   c. Identify any alternative to reporting the ten worst-performing circuits that the utility utilizes to determine system reliability.

      Response: Kenergy would propose to establish a minimum number of customers on a feeder to determine if it should be considered for the worst-performing feeder analysis. The smaller the number of customers on a feeder, the more likely it will show up repeatedly as a worst-performing circuit.

5. The following questions relate to the identification of the ten worst-performing circuits for each index.
   a. Provide an explanation of the actions taken by the utility once the ten worst-performing circuits for each index have been identified. Include the typical steps taken to correct the reliability issues relating to the ten worst-performing circuits for each index.

      Response: Kenergy ensures that information is accurately entered into the Outage Management System in a timely manner. That information is then passed from the Outage Management System to the AS400 database. A procedure is then run to remove disconnected account information from the

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calculations and the results are pushed to a web browser based digital dashboard system.

Individual events are reviewed looking for repeated causes or other data. Each feeder is inspected by a field engineer and work orders are generated if deficiencies are found.

b. Provide a timeline of the typical steps taken to correct reliability issues relating to the ten worst-performing circuits for each index.

Response:

All of the steps detailed in response to 5 a. are completed within 12 months after a feeder being identified as a worst performing circuit.

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CERTIFICATION

Kenneth R. Stock, being duly sworn, states that he has prepared the responses to the questions from the Commission Staff 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.

Brenita M. Martin

NOTARY PUBLIC
STATE OF KENTUCKY
COUNTY OF DAVIESS

My Commission Expires Oct. 16, 2012

SERVICE LIST FOR CASE NO. 2011-00450

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