

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH KENTUCKY RURAL ELECTRIC)	
COOPERATIVE CORPORATION)	
_____)	
ALLEGED FAILURE TO COMPLY WITH)	CASE NO.
ADMINISTRATIVE REGULATION 807 KAR 5:041,)	2002-00027
SECTION 3)	

ORDER

South Kentucky Rural Electric Cooperative Corporation (South Kentucky RECC) is a Kentucky cooperative corporation formed pursuant to KRS 279.010 to 279.220. It engages in the distribution of electricity to the public for compensation for lights, heat, power, and other uses, and is a utility subject to Commission jurisdiction. KRS 278.010; KRS 279.210.

On May 3, 2002, the Commission directed South Kentucky RECC to appear at a hearing to show cause why it should not be penalized pursuant to KRS 278.990(1) for its alleged violation of Commission regulations.

Following the commencement of this proceeding, South Kentucky RECC and Commission Staff entered into negotiations to resolve all outstanding issues. On August 30, 2002, they executed the Settlement Agreement that is appended hereto.

In determining whether the results of the Settlement Agreement are in the public interest and are reasonable, the Commission has taken into consideration the circumstances surrounding the January 1, 2002, incident, the new safety policies South

Kentucky RECC has adopted and South Kentucky's efforts to comply with the Commission's safety regulations.

After reviewing the Settlement Agreement, and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.

3. No formal hearing shall be held in this case.


4. Within 10 days of the date of this Order, South Kentucky shall pay to the Commonwealth of Kentucky the sum of Seven Hundred Fifty Dollars (\$750). This payment shall be in the form of a cashier's or certified check made payable to the Treasurer, Commonwealth of Kentucky and shall be mailed or delivered to: The Office of General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40601.

5. Upon payment of the penalty as set out in paragraph 2 of the Settlement Agreement, this case shall be removed from the Commission's docket.

Done at Frankfort, Kentucky, this 16th day of October, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Charles H. [unclear]", written over a horizontal line.

Executive Director

WHEREAS, Commission Staff investigated the incident and issued a Utility Accident Investigation Report ("Investigation Report") dated January 10, 2002; and

WHEREAS, in its Utility Accident Investigation Report, Commission Staff found that Freddie Sayers had violated a provision of the National Electric Safety Code (1990 edition ("NESC")); and

WHEREAS, on May 3, 2002, the Public Service Commission ("Commission") entered an Order establishing this case and directing South Kentucky RECC to show cause why it should not be subject to the penalties of KRS 278.990(1) for its alleged violation; and

WHEREAS, on May 20, 2002, South Kentucky RECC, by counsel, filed its response to the Commission's Order of February 22, 2002; and

WHEREAS, an Informal Conference was held at the Commission's Offices on July 11, 2002; and

WHEREAS, as a result of the incident, South Kentucky RECC adopted two new Employee Safety Policies, a new disciplinary action plan, and a Safety Program Plan of Action for 2002; and

WHEREAS, South Kentucky RECC and Commission Staff desire to settle the issues raised by this proceeding and have entered into this Settlement Agreement through compromise.

NOW, THEREFORE, South Kentucky RECC and Commission Staff agree that:

1. Within three (3) months of the date of the entry of an order approving this Settlement Agreement, South Kentucky RECC shall provide evidence to the

Commission that the newly adopted safety policies have been introduced to South Kentucky RECC's employees.

2. The Commission shall assess South Kentucky RECC a penalty of One Thousand Dollars (\$1,000.00) for the violation noted in Commission Staff's Utility Investigation Report. Seven Hundred and Fifty Dollars (\$750.00) of this penalty shall be paid in full within ten (10) days of entry of an order approving this Settlement Agreement. Payment shall be in the form of a cashier's check payable to the Kentucky State Treasurer and delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky. The remaining Two Hundred Fifty Dollars (\$250.00) shall be suspended for a period of three (3) months. If, at the end of three months, South Kentucky RECC has fully complied with this Settlement Agreement, this portion of the penalty shall be vacated.

2. This Settlement Agreement constitutes full satisfaction of any penalties against South Kentucky RECC arising out of this proceeding.

3. Nothing contained herein shall be construed as an admission of a willful violation of any statute, administrative regulation or any provision of the NESC nor shall the Commission's acceptance of this agreement be construed as a finding of a willful violation of any statute, administrative regulation or any provision of the NESC.

4. This Agreement is subject to the acceptance of and approval by the Commission.

5. Commission Staff shall recommend to the Commission that this Settlement Agreement be accepted and approved.

6. If the Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of the Settlement Agreement nor any matters raised during settlement negotiations shall be binding on any of the signatories.

7. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, South Kentucky RECC shall not apply for a rehearing in this matter nor bring legal action for judicial review of that Order.

IN WITNESS WHEREOF, South Kentucky RECC and Commission Staff have executed this Settlement Agreement the day and year first above written by and through their duly authorized attorneys.

SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: *Dwight A. Johnson*

TITLE: *Attorney*

DATE: *8-30-02*

PUBLIC SERVICE COMMISSION
OF KENTUCKY

BY: *Quita L. Mitchell*

TITLE: *Staff Attorney*

DATE: *8-29-02*