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REC'D
SEP 06 2013
PUBLIC SERVICE
COMMISSION

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

LG&E and KU Energy LLC
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
F 502-627-3213
rick.lovekamp@lge-ku.com

September 6, 2013

**Re: An Investigation of the Reliability Measures of Kentucky's
Jurisdictional Electric Distribution Utilities
Case No. 2011-00450**

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten (10) copies of Louisville Gas and Electric Company and Kentucky Utility Company's Response to Staff's Initial Request for Information on Rehearing dated August 23, 2013 in the above referenced docket.

Should you have any questions please contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Rick E. Lovekamp". The signature is written in a cursive, flowing style.

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE RELIABILITY) CASE NO.
MEASURES OF KENTUCKY'S JURISDICTIONAL) 2011-00450
ELECTRIC DISTRIBUTION UTILITIES)

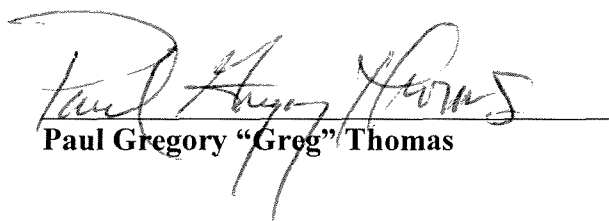
RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO STAFF'S INITIAL REQUEST FOR INFORMATION
ON REHEARING
DATED AUGUST 23, 2013

FILED: SEPTEMBER 6, 2013

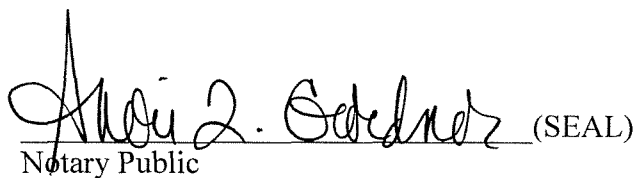
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Paul Gregory "Greg" Thomas**, being duly sworn, deposes and says that he is Vice President, Electric Distribution for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.


Paul Gregory "Greg" Thomas

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 6th day of September 2013.

 (SEAL)
Notary Public

My Commission Expires:

SHERIL L. GARDNER
Notary Public, State at Large, KY
My commission expires Dec. 24, 2013



LOUISVILLE GAS AND ELECTRIC COMPANY
and
KENTUCKY UTILITIES COMPANY

CASE NO. 2011-00450

Response to Staff's Initial Request for Information
On Rehearing
Dated August 23, 2013

Question No. 1

Witness: Paul Gregory "Greg" Thomas

Q-1. Refer to the Rehearing Testimony of Paul Gregory Thomas ("Thomas Testimony"). On page 2, at lines 3-6, Mr. Thomas provides his belief that the Commission's order in this matter dated May 30, 2013, ("May 30 Order") requires that for each circuit whose System Average Interruption Duration Index ("SAIDI") or System Average Interruption Frequency Index ("SAIFI") value in a given year is higher than the rolling five-year average for that circuit, each utility to file "an extensive list of information ... including a Corrective Action Plan for the circuit and any other information to help the Commission understand the circuit's performance."¹ For purposes of clarification, it should be noted that the Commission's Order states that the utility shall provide, for each of the identified circuits, "a Corrective Action Plan which describes any measures the utility has completed or plans to complete to improve the circuit's performance."² Do the Companies feel there is a difference between their belief that the Commission's intent is to "require" corrective action plans for each circuit falling outside of the rolling five-year average and the Commission's stated requirement that the utilities report and describe "any measures the utility has completed or plans to complete?"

A-1. The Companies agree that the Commission's Order describes a Corrective Action Plan as "any measures the utility has completed or plans to complete to improve the circuit's performance." The Companies had previously assumed the Commission had intended Corrective Action Plans to be new work, which would have required considerable additional investigation and analysis on a relatively tight time-frame.

¹ Thomas Testimony, p. 2.

² "An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities," Final Order, p. 9 (Ky. PSC May 30, 2013)



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Question No. 2

Witness: Paul Gregory "Greg" Thomas

- Q-2. Refer to the Thomas Testimony, page 2, at lines 12-14. Mr. Thomas states the belief that the reporting requirements ordered by the Commission would "create increased administrative burdens for utilities and potentially increased costs for customers without providing the Commission information on circuits that might need improvement."
- a. Explain the "increased administrative burden(s)" that the Companies feel the Commission's Order adds to the utilities.
 - b. Provide a breakdown of potential increased costs associated with the reporting requirements ordered by the Commission, along with a description of how those costs would impact customers.
 - c. With the understanding that the Commission's Order does not require corrective actions to be taken for any specific circuit, explain the additional costs the Companies will incur by reporting the corrective actions taken for those circuits identified by the Companies as requiring such action.
- A-2. As stated in response to Q-1, the Companies had previously assumed the Commission had intended Corrective Action Plans to be new work, which would have required considerable additional investigation and analysis on a relatively tight time-frame; such an effort would have required significant additional administrative cost.

But on the understanding that a Corrective Action Plan will not require new investigation or analysis, the additional administrative cost of creating the required Corrective Action Plans will be minimal; however, it will still require considerable time to gather the information to develop a response for the required Corrective Action Plans because the Companies' personnel will have to collect and compile existing distribution-system data from multiple systems. That is why the Companies continue to request an extension of the current April 1 filing deadline.



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Question No. 3

Witness: Paul Gregory "Greg" Thomas

- Q-3. On page 2, at lines 18-19, of the Thomas Testimony, Mr. Thomas indicates that "the Companies annually review circuit-level data for all of their circuits and develop and execute improvement plans for circuits identified as needing improvement." Aside from reporting the information related to those specific circuits whose SAIDI or SAIFI values fall outside the rolling five-year averages, provide an explanation as to how the reporting requirements ordered by the Commission differ from the data and analysis that the Companies already appear to be compiling.
- A-3. The Companies already gather, review, and maintain data sufficient to comply with the Commission's new reporting requirements. But the Companies do not currently compile this data into Corrective Action Plans, with the exception of the improvement plans described in Mr. Thomas's testimony.

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Question No. 4

Witness: Paul Gregory "Greg" Thomas

- Q-4. On page 3 of the Thomas Testimony, Mr. Thomas describes the annual process utilized by the Companies for analyzing and providing improvement plans for individual distribution circuits. At lines 18-21, Mr. Thomas states that as part of the process, the Companies' personnel "physically examine the circuit in a field evaluation to verify and modify the results of their root-cause analysis and to develop a specific improvement plan for the circuit."
- a. Provide details as to the types of information gained from the field visits performed that aid the Companies' personnel in verifying and modifying its analysis.
 - b. Describe how the field visits assist the Companies' personnel in developing specific improvement plans for individual circuits.
 - c. Explain why the analysis described by the Companies to identify the need for improvement plans for an individual circuit would not be informative if reported as part of that individual circuit's annual reliability assessment report.
- A-4.
- a. & b. In addition to complying with 807 KAR 5:006 § 26, the Companies' engineers and designers make field visits to evaluate individual circuits with reliability concerns to determine the root causes of the concerns. These on-site inspections provide information that can only come from visual assessments, including vegetation growth, weather damage, and equipment failure. The Companies' personnel use this information to develop construction plans and cost estimates.
 - c. The improvement plans are the analyses to which the question refers; no other analyses exist. The Companies will provide existing improvement plans for circuits covered by the Commission's Corrective Action Plan reporting requirement.



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Question No. 5

Witness: Paul Gregory "Greg" Thomas

- Q-5. On page 4 of the Thomas Testimony, at lines 4-7, the Companies' proposal for an alternative reporting requirement is given. Specifically, the Companies propose that the Commission "keep all of circuit-level reporting requirements from the May 30 Order, modifying only the Corrective Action Plan component to require plans only for each circuit whose one-year SAIDI or SAIFI exceeds its own rolling five-year average by two standard deviations." Identify what portion of the Commission's order specifically prohibits a utility from providing corrective action plans only for those circuits whose SAIDI or SAIFI falls outside of the five-year average by two standard deviations as proposed.
- A-5. Pages 8 and 9 of the May 30 Order require utilities to include Corrective Action Plans in their annual Reliability Reports for "each circuit with either SAIDI or SAIFI value higher than that circuit's respective SAIDI or SAIFI rolling five-year average, excluding MEDs." Provision of Corrective Action Plans for only those circuits whose SAIDI or SAIFI falls outside of the five-year average by two standard deviations would not appear to satisfy the reporting requirements.

But on the understanding that a Corrective Action Plan will not require new investigation or analysis, the Companies agree that the Commission's order would not prohibit reporting existing plans in place, irrespective of a two standard deviation strategy or other strategies utilized to develop plans.



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Question No. 6

Witness: Paul Gregory "Greg" Thomas

- Q-6. On page 4 of the Thomas Testimony, the Companies propose moving the deadline for submitting the reports as ordered by the Commission from April 1 of each year to July 1 of each year. Mr. Thomas explains that this proposal is due to the fact that the Companies' current distribution reliability analysis and improvement process is a year-round endeavor. In the Direct Testimony of Everett G. Phillips filed by Kentucky Power Company ("Kentucky Power") in this case on August 7, 2013, Mr. Phillips states that Kentucky Power proposes moving the deadline annually to May 1. With the understanding that the Commission Staff will need adequate time to review and analyze data provided by each utility, would the Companies concerns over the deadline be adequately addressed by moving the deadline for reports to be submitted annually to the Commission to May 1 of each year, or is the July 1 date preferred? Explain.
- A-6. The Companies do not object to moving the deadline to May 1.