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A MESSAGE TO KENTUCKY'S JURISDICTIONAL UTILITIES FROM THE KENTUCKY PUBLIC SERVICE COMMISSION

Following the September 2008 wind storm and the January 2009 ice storm, the Kentucky Public Service Commission directed its staff to conduct a comprehensive review of utility responses to the two events, including a number of associated issues.

That review is now complete. The report was issued November 19.

By this statement, the members of the Kentucky Public Service Commission adopt and endorse the 64 findings and recommendations contained within that report.

We further direct the utilities within the jurisdiction of the Kentucky Public Service Commission to respond in writing to the report by no later than March 1, 2010, explaining what steps have been taken to implement the applicable recommendations. If the utility disagrees with a recommendation and chooses not to implement it, it shall explain its reasons.

The Kentucky Public Service Commission will review these responses and will use them as a basis for determining what further actions by the Commission may be necessary in order to achieve implementation of the recommendations in the report.

Utilities are directed to respond to the indicated recommendations, as numbered in the Executive Summary of this report. The Executive Summary and the entire report are available on the PSC Web site, psc.ky.gov.

If you have any questions, please contact PSC Executive Director Jeff Derouen. He can be reached at 502-564-3940.

Utilities are to respond as follows:

Investor-owned electric utilities: A1 through A5, B1 through B22

Electric distribution cooperatives: A1 through A5, B1 through B14, B16 through B23

Electric generation and transmission cooperatives: A1 through A5, B1, B2, B5 through B8, B12, B14, B17

Natural gas distribution companies: A1 through A5

Jurisdictional water utilities: A1 through A5, D2 through D6

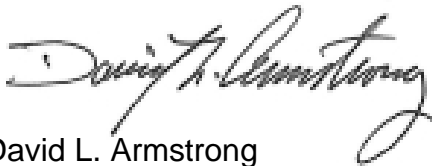
Jurisdictional wastewater utilities: A1 through A5, D1, D4, D5

Incumbent local exchange carriers: A1 through A5, E1 through E3

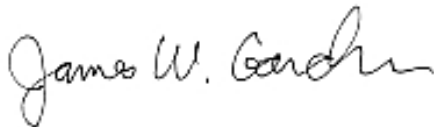
All utilities are welcome to comment upon any other findings and recommendations as they deem appropriate. The Commission also welcomes responses from other governmental entities and from utility customers.

The Commission looks forward to receiving all responses and to working with jurisdictional utilities and other interested parties to continue to improve emergency preparedness and response for the benefit of all Kentuckians.

We also wish to express once again our thanks and appreciation to all those acknowledged in the report.



David L. Armstrong
Chairman



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ALL UTILITIES – FINDINGS AND RECOMMENDATIONS REQUIRING A RESPONSE

A1. PARTICIPATION IN DISASTER PREPAREDNESS DRILLS (47)

Finding: A number of utilities indicated that prior participation in local, regional or state emergency preparedness drills was valuable to them as they responded to the 2008 wind storm and 2009 ice storm. The ability to immediately identify key emergency management personnel with whom utilities must coordinate in weather emergencies and other disasters can and does help utilities obtain needed assistance in road clearing, traffic management, vehicle and equipment acquisition, communications coordination, manpower acquisition, and all other areas of assistance that the Kentucky Division of Emergency Management (DEM) and its associated local and state organizations can provide. The Commission is certain that such efforts will enable utilities to restore power in future disaster situations in a much quicker and, ultimately, safer manner, eliminating delays and complications caused by a lack of preparedness.

Recommendation: The Commission strongly recommends that all jurisdictional utilities avail themselves of opportunities to participate in emergency planning exercises. The Commission also encourages organizers of such exercises to solicit utility participation.

A2. EXCHANGE OF CONTACT INFORMATION WITH LOCAL EMERGENCY MANAGEMENT OFFICIALS (42) (54)

Finding: Communications between utilities and local governments were on occasion impeded by lack of current contact information.

Recommendation: Utilities should exchange and update emergency contact information on at least an annual basis in order to maintain adequate lines of communication.

A3. SATELLITE-BASED TELECOMMUNICATIONS (58)

Finding: Widespread landline and wireless telecommunication outages made it difficult for some utilities to provide information to emergency managers and to request assistance.

Recommendation: Utilities should arrange to have access to satellite telecommunications during emergencies.

A4. PARTICIPATION IN KENTUCKY 811 PROGRAM (116)

Finding: Any increase in buried utility facilities is likely to be accompanied by a concomitant increase in damage from excavation activities.

Recommendation: All owners of underground facilities should be members of Kentucky 811, the state underground utility location service.

A5. RECOVERY OF UNREIMBURSED STORM EXPENSES (126)

Finding: A number of utilities have unreimbursed storm expenses that have not been submitted to the Commission for accounting deferral and possible consideration for recovery in a future rate case.

Recommendation: Any utility wishing to recover unreimbursed storm restoration expenses should request Commission authorization to defer such expenses as soon as practical.

WATER AND WASTEWATER UTILITIES - FINDINGS AND RECOMMENDATIONS REQUIRING A RESPONSE

D1. BACKUP POWER AT CRITICAL WASTEWATER FACILITIES (129)

Finding: Lack of backup power led to a number of discharges of untreated wastewater into streams from wastewater facilities following the ice storm.

Recommendation: In order to prevent future discharges of untreated wastewater in the event of power outages, all wastewater systems should consider the feasibility of upgrading pump stations to include detention capability and connections for bypass pumps or generators.

D2. USE OF STORAGE CAPACITY (130)

Finding: Filling existing storage to capacity in advance was an effective way to minimize service disruptions when water systems lost power following the ice storm. This is a straightforward preventive measure for water utilities to implement. The Commission notes that its regulations require water utilities to have, at a minimum, one day's storage capabilities. A day's worth of water in storage may allow service to continue uninterrupted while power restoration occurs, particularly if customers are concurrently asked to conserve water.

Recommendation: All water utilities should ensure that existing storage is at maximum capacity in advance of events that could disrupt service.

D3. INTERCONNECTIONS (131)

Finding: Even if there is no intent to supply water during non-emergency conditions, interconnections could be a cost-effective means to provide continued water service to customers in emergencies. The Commission notes that it has encouraged such interconnections for a number of years.

Recommendation: All water utilities should consider establishing adequate interconnections with neighboring water suppliers. Equally important, water utilities should annually review their agreements with other interconnected utilities to ensure the agreements remain current and mutually acceptable.

D4. ACCESS TO MUTUAL AID AND EMERGENCY EQUIPMENT (131)

Finding: By joining Kentucky Water/Wastewater Response Network (KYWARN) or a similar mutual assistance group, water utilities may be able to get necessary assistance from neighboring utilities that have resources to spare. KYWARN members have access to a database of other utility systems within the Commonwealth and their resources and trained personnel that they may need in an emergency.

Recommendation: Water and wastewater utilities should identify local resources, particularly potential suppliers of portable electric generators, in order to expeditiously obtain emergency assistance. Water and wastewater utilities should consider joining an industry-wide group such as KYWARN. In addition, utilities located near other states may want to contact sister utilities in neighboring states to learn of each others' resources.

D5. EMERGENCY RESPONSE PLANS (132)

Finding: Water utilities with a current emergency response plan found the plans helpful in managing disaster response.

Recommendation: Every water and wastewater utility should have a written emergency response plan and have its personnel review that plan on a regular basis. In addition, the Commission recommends that utility personnel be adequately trained in crisis management. Local emergency management organizations regularly hold table-top and practical training missions in which utility personnel could participate and become better prepared for catastrophic events.

D6. BOIL WATER ADVISORIES (130)

Finding: As the ice storm showed, dissemination of information during power outages is often difficult and unreliable. It may be impossible to issue boil water advisories using the normal procedure.

Recommendation: Water utilities should consider issuing consumer advisories prior to events that create a high potential for service disruptions. Such an advisory can act as a public service announcement and should be worded properly to ensure accurate information is conveyed without eroding consumer confidence or heightening stress. For example, prior to the ice storm, a utility could have issued the following advisory:

Severe weather is forecast for this area. Water consumers should be advised that the water utility will strive to continue to provide safe, reliable service throughout inclement weather. Nevertheless, external factors may affect our ability to provide service. The system has reliable water storage, but that storage is not limitless. If electrical power is out for a lengthy period, the water system and the ability to communicate with consumers may be compromised. If this is the case, consumers should take steps to limit water use and consider boiling water for at least three minutes prior to consumption to be on the safe side.

~~LANDLINE TELEPHONE UTILITIES FINDINGS AND RECOMMENDATIONS REQUIRING A RESPONSE~~

~~E1. BACKUP GENERATORS AT KEY FACILITIES (135)~~

~~**Finding:** Extended power outages at network service nodes led to service disruptions following the ice storm.~~

~~**Recommendation:** Landline telephone utilities should consider expanding the availability of fixed, on-site, back-up generators at critical network service nodes in order to alleviate the immediate impact on utility services from loss of commercial power for extended periods.~~

~~E2. EMERGENCY PLANNING (135)~~

~~**Finding:** The lack of commercial power disrupted the ability of telecommunication utilities to perform common and routine tasks. For example, telecommunication utilities had difficulty obtaining fuel, food and lodging from the usual commercial sources and there was limited or no ability to accept non-cash payments such as credit card purchases.~~

~~**Recommendation:** In order for utilities to be adequately prepared for similar emergency situations in the future, they should consider making adequate plans and provisions for addressing such circumstances.~~

~~E3. VEGETATION MANAGEMENT/UNDERGROUND FACILITIES (135)~~

~~**Finding:** Telephone service was disrupted due to trees and limbs falling on and breaking lines.~~

~~**Recommendation:** Telephone utilities should ensure that vegetation management (tree-trimming) practices are sufficient to effectively control damage to aerial facilities and consider underground facilities where practical.~~