

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CARLEN PIPPIN	)	
	)	
COMPLAINANT	)	
	)	
V.	)	CASE NO.
	)	2011-00041
SHELBY ENERGY COOPERATIVE, INC.	)	
	)	
DEFENDANT	)	

ORDER REQUIRING COMPLAINANT TO  
FILE A MORE DEFINITE STATEMENT

On December 2, 2010, Complainant, Carlen Pippin, filed a formal complaint against Shelby Energy Cooperative, Inc. ("Shelby Energy"), a copy of which is attached hereto. In the body of the Complaint, Dr. Pippin sets out "three areas of major concern" regarding Shelby Energy. As stated by Dr. Pippin, those concerns are as follows: (1) "conflict between the answers Shelby energy [sic] gives both to [the] Commission under oath and to the member-Customers in reply to their written questions and what actually occurs;" (2) "fiscal irresponsibility," and (3) "the lack of transparency within Shelby Energy."

As an example of category (1) above, Complainant states that Shelby Energy's CEO, Debbie Martin, testified before the Commission on June 2, 2010,<sup>1</sup> that Shelby Energy had filed an amendment to its 2005-2009 construction work plan with the Commission, when, in fact, that amendment had not been filed at the time of her testimony.

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<sup>1</sup> The referenced testimony was given by Ms. Martin at the formal evidentiary hearing in Shelby Energy's most recent rate adjustment case, Case No. 2009-00410, Application of Shelby Energy Cooperative, Inc. for an Adjustment of Rates. Video log at 10:27:05 a.m.

Complainant also points to Ms. Martin's June 2, 2010 testimony regarding Shelby Energy's application for a \$264,000 grant from the Kentucky Department for Energy Development and Independence to help defray the cost of AMI (advanced metering infrastructure) meters—a grant which Shelby Energy later determined not to accept due to “monitoring and tracking” costs associated with administering the grant.<sup>2</sup>

Finally, with regard to category (1) of the concerns enumerated in the Complaint, Dr. Pippin points to Ms. Martin's statement at the June 2, 2010 hearing that loan funds were being used for the AMI project.<sup>3</sup> Shelby Energy later stated, in response to a question submitted to it by certain member-customers and in a newspaper interview, that no loan funds were being used.

Regarding category (2), fiscal irresponsibility, Complainant points to Shelby Energy's request for a rate increase, which was approved by the Commission on July 27, 2010, in Case No. 2009-00410. Complainant cites the fact that the Commission denied Shelby Energy's request to include several expenditures in its rate base in that case as evidence that “[b]y failing to follow regulations and by expending funds in inappropriate ways, Shelby Energy continues to ignore economic reality.” Complainant also cites Shelby Energy's failure to apply for a certificate of public convenience and necessity prior to approving its plan to install AMI meters on its system as further evidence of fiscal irresponsibility.

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<sup>2</sup> The Commission notes that Ms. Martin mentioned the monitoring and reporting requirements for the grant in her June 2, 2010 testimony (“We got \$264,000 on a project that we are finalizing the paperwork on, that we have to show some data collection, and there's a lot of record keeping, that as long as we spend that \$264,000 we would get the grant for that, provided we provide that information”). Video log of June 2, 2010 hearing at 10:25:35 a.m.

<sup>3</sup> Video log of June 2, 2010 hearing at 10:27:00 a.m.

Regarding category (3) of issues Complainant seeks to address through his Complaint, "lack of transparency within Shelby Energy," Complainant states that Shelby Energy has "disregard[ed] the competitive bidding process" in its choice of contractors to remodel its offices and from whom to purchase its fleet vehicles. Complainant also cites Shelby Energy's "decision to award favored employees with year-end gifts totaling \$12,750.00."

As presently filed, the December 2, 2010 complaint does not describe with sufficient specificity the Complainant's grievances against Shelby Energy in order for the Commission to determine, pursuant to 807 KAR 5:001, Section 12(4)(a), whether it establishes a prima facie case. While the issues cited in the Complaint point to a general dissatisfaction with Shelby Energy's management by Complainant and other, unnamed member-customers of Shelby Energy, Complainant has not cited any specific provision of Shelby Energy's tariff that he believes Shelby Energy has violated. Nor does the Complaint state with any specificity any regulations or statutes under the Commission's jurisdiction he believes Shelby Energy may have violated.

Based upon the foregoing, IT IS HEREBY ORDERED that:

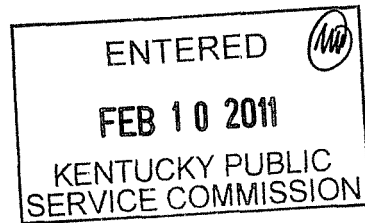
1. Complainant, Carlen Pippin, shall be allowed to amend the December 2, 2010 Complaint within 30 days from the date of issuance of this Order to state fully, clearly, and with reasonable certainty the acts or things allegedly done or omitted to be done by the Defendant, Shelby Energy, which forms the substance of the complaint.

2. The amended complaint shall make reference, where practicable, to the law(s), regulation(s), or order(s) of which a violation is claimed and any other matters or facts necessary to inform the Commission regarding the details of the alleged violation

including a detailed description of how each document attached to the December 2, 2010 Complaint supports the allegations made in the complaint.

3. Failure to amend the complaint within 30 days from the date of issuance of this Order, or such extension thereof as the Commission, for good cause shown, may grant, shall result in the dismissal of the complaint, pursuant to 807 KAR 5:001, Section 12(4)(b).

By the Commission



ATTEST:

  
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Executive Director

Debbie Martin  
President & CEO  
Shelby Energy Cooperative, Inc.  
620 Old Finchville Road  
Shelbyville, KY 40065

Dr. Carlen Pippin  
1556 Vigo Road  
Shelbyville, KY 40065