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COMMISSION

2011-00041

Amended filing of complaint by Carlen Pippin dated March 7, 2011.

I would like to thank the Commission for the consideration given to my complaint and for the opportunity to submit further information concerning the management of S E Cooperative. I apologize for the informality of my reply. I am not an attorney at law nor am I as familiar with specific K.R.S. or P.S.C. Policies and Procedures that may be in question. I am simply a member-customer asking that you use your powers of investigation granted to you by K.R.S. 278.250.

However, I think that accurate and truthful testimonies provided under oath by anyone under any circumstance should be considered a very serious matter. Ms. Martin has submitted her replies before your Commission under oath and adopted all exhibits as well.

K.R.S. 278.280 charges you with the determination of "the just, reasonable, safe, proper, adequate or sufficient rules, regulations, practices, equipment, appliances, facilities, service or methods to be observed." It is unreasonable and unjust that the Shelby Energy B.O.D. spent \$3.1 million dollars of member-customers monies without prior approval: a direct violation of PSC Policies and rules (case 2009-00410).

Shelby Energy stated at the hearing that it was in the process of purchasing and installing Advance Metering Infrastructure ("AMI") equipment. Shelby Energy indicated it has filed with the Commission an amendment to its current construction plan to include this investment. Shelby Energy also stated that it had recently filed a new construction work plan requesting approval to incur additional costs for the AMI meters. Subsequent to the hearing, a review of the Commission's records indicated that Shelby Energy had not filed an amendment to its current construction work plan, which covered years 2005 through 2009, and had not filed a new work plan. On June 18, 2010, Shelby Energy filed a notice of intent to file a new construction work plan, covering 2010 through 2014, and filed that plan on July 23, 2010. The Commission reminds Shelby Energy that any projects involving significant capital investment by the cooperative, such as AMI, must be included in a work plan that is filed with the Commission and approved by our issuance of a Certificate of Public Convenience and Necessity prior to proceeding with any project activities. (Case 2009-00410, Page 15)

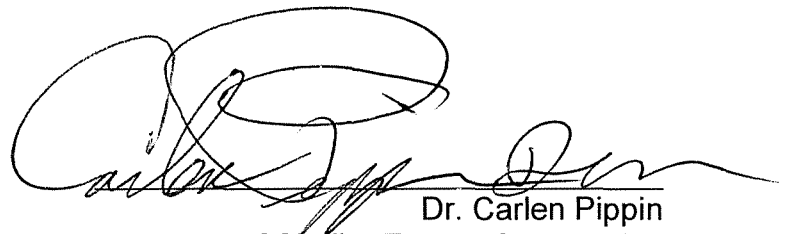
The amended C.W.P., detailing costs and supporting this exercise of authority, was submitted 6 weeks earlier according to direct testimony of Debbie Martin at the June 2, 2010 hearing. (K.R.S. 278.020 and 807 K.A.R. 500:001) Subsequently, a new case was filed with your Commission requiring submission of information required PRIOR to contracting. (Case 2010-00244).

The C.E.O., Ms. Martin also stated that currently loans were used to fund the AMI project at June 2, 2010 hearing. However, in answering member-customers questions at a later date she stated that no loan funds were used to fund the project; this vacillation cost member-customers money in catch-up required by the Board and legal counsel to stay within your clearly defined parameters.

The \$264,000.00 grant which was rejected could have been used for an AMI "meter testing" project and as a stimulus for paying or hiring another employee to manage and generate the paperwork required. Instead, yet another case was filed with the Commission requiring more attorney's fees to maintain. (case # 2010-00331).

In potential violation of K.R.S. 278.2213 (6), (8), and (11), Shelby Energy spent \$212,257.51 remodeling the main office building in Shelbyville during 2008,2009 and 2010 without releasing any information as to the bidding process used to select a contractor to member-customers. Neither was bidding information (if any) released when Shelby Energy purchased a new vehicle of choice for the newly hired Safety and Loss Coordinator employee in July 2009. The giving of \$12,750.00 in gifts in December 2009 to certain selected employees violates SE's own Employee Performance Bonus Policy. How can the management simply just decide to "GIVE" away member-customers monies?

You as the Commission are charged to insure reasonable and just procedures. As a member-customer, I am thankful that Shelby Energy keeps the lights on, but hope that they will in the future be held accountable when they fail to adhere to rules, orders and regulations. The amendments requiring new cases, unclear bidding procedure and the resultant attorney's fees directly affects our rates; that is unreasonable and inadequate management and planning.



Dr. Carlen Pippin
Member-Customer of Shelby Energy Cooperative
Since 1984

Supporting Documentation

Member's Information Request (August 19, 2010)

Offered to support remodeling expenses quoted (Question 1): reasoning for failing to obtain certificate of Public Convenience and Necessity prior to capital investment (Question 3): discussion of gifts for certain employees (Question 4)

Member's Information Request (September 16, 2010)

Concerned AMI grant rejection (Question 3): failure to obtain necessary permission for deviation from sample meter testing (Question 4)

Shelby Sentinel Newspaper Article of September 17, 2010 by Todd Martin

Concerns Debbie Martin's statement concerning the certificate for Public Necessity and Convenience and the character of the bonuses given in 2009 to certain employees.