

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

CASE NUMBER 2011-00076

SECOND REQUEST FOR INFORMATION

CLARK ENERGY COOPERATIVE, INC
WINCHESTER, KENTUCKY

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MENIFEE COUNTY BOARD OF EDUCATION)	
COMPLAINANT)	
)	CASE NO.
V.)	2011-00076
)	
CLARK ENERGY COOPERATIVE, INC.)	
DEFENDANT)	

RESPONSES OF CLARK ENERGY COOPERATIVE, INC.
TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Comes Clark Energy Cooperative, Inc., by counsel and pursuant to Commission Staff's Second Request for Information entered herein on November 9, 2011 files its Responses.

Holly S. Eades, Vice President Finance and Todd Peyton, Manager of Engineering Services of Clark Energy Cooperative, Inc. are the witnesses responsible for Clark Energy Cooperative, Inc.'s responses to the Commission Staff's Second Request for Information.


GRANT, ROSE & PUMPHREY

By: Robert L. Rose
Robert L. Rose
51 South Main Street
Winchester, Kentucky 40391
ATTORNEYS FOR CLARK ENERGY
COOPERATIVE, INC.

CERTIFICATE OF SERVICE

This is to certify these Responses of Clark Energy Cooperative, Inc. to the Commission Staff's Second Request for Information have been served upon the Public Service Commission by hand delivering the original and ten true and accurate copies to the Public Service Commission on this 7th day of December, 2011.

This is to further certify these Responses of Clark Energy Cooperative, Inc. to the Commission Staff's Second Request for Information have been served on December 7, 2011 by regular mail, first class postage prepaid, to: Stephen R. Johnson, Esquire, Post Office Box 669, Campton, Kentucky 41301, Attorney for the Complainant, Menifee County Board of Education.



Robert L. Rose
Of Counsel for Clark Energy
Cooperative, Inc.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MENIFEE COUNTY BOARD OF EDUCATION)
COMPLAINT)


V.)

CLARK ENERGY COOPERATIVE, INC.)

CASE NO.
2011-00076

RESPONSE OF CLARK ENERGY COOPERATIVE, INC.
TO COMMISSION'S ORDER OF NOVEMBER 9, 2011.

Paul G. Embs, being duly sworn, states that he has supervised the preparation of the responses of Clark Energy Cooperative, Inc. to the Public Service Commission Data Requests in the above-referenced case dated December 7, 2011, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Paul G. Embs
President & CEO

Subscribed and sworn before me on this 5 day of December, 2011.



Notary Public
MY COMMISSION EXPIRES SEPTEMBER 8, 2012

My commission expires:

CLARK ENERGY COOPERATIVE, INC.

PSC CASE No. 2011-00076
2nd Data Request

Request 1

Responsible party: Holly Eades & Todd Peyton

Clark Energy's response to Item 7 of Commission Staffs First Request for Information ("Staffs First Request") identifies, on page 2, a copy of what it describes as the Menifee County Board of Education's ("Menifee County's") original membership application, dated September 29, 1947. On page 3 of the response is what Clark Energy identifies as a screen shot from Clark Energy's billing records identifying the Menifee County account, with a connect date of 11/20/1951. On pages 4 and 5 of the response is a sample Agreement for Electric Service.

- a. At the time of the November 20, 1951 connect date, did Clark Energy have:
 1. A commercial tariff for loads less than 50 kW? Explain.
 2. A commercial tariff for loads greater than 50 kW and less than 500 kW? Explain
 3. A commercial tariff for loads greater than 50kW and less than 2,500 kW?
- b. Based on historical usage, could Menifee County's load ever have been greater than 50 kw? Explain.
- c. Based on the physical school facilities that existed from November 20, 1951 until the present, could Menifee County's load ever have been greater than 50 kW? Explain.
- d. When did Clark Energy's first commercial tariff for loads less than 50 kW go into effect?
- e. Does Clark Energy maintain that it is the customer's responsibility to choose the tariff under which it will be served? Explain.
- f. Explain the reference to "Fleming-Mason Rural Electric Cooperative Corporation" ("Fleming Mason") on Menifee County's original membership application, located just above the section heading of "Land Description."
- g. If the response to question 1.f. above is that the original contract was between Fleming-Mason and Menifee County, when did the Menifee County account become part of Clark Energy's service territory?
- h. What account information did Clark Energy acquire from Fleming- Mason when the Menifee County account became part of Clark Energy's service territory?
- i. In the documentation that Clark Energy acquired from Fleming- Mason, was there a contract establishing a minimum billing demand of 135kW on the Menifee County account as part of the Fleming-Mason records? If so, provide a copy of that contract or other documentation. If a contract or other documentation is not available, explain why it is not available.

Response 1

- a. 1, 2 and 3 - Clark Energy maintains rate tariffs/schedules for 6 years after published rate sheets and schedules are superseded or no longer used to charge for utility service. Please refer to response 1, d.

- b. Yes. Refer to Menifee County Board of Educations first data request, response 12, exhibit C which is a copy of a bill for the billing period of January 2007; the actual demand usage for 62.44 and a line item under current bill information with the contract minimum up charge of \$ 391.82. Also, per the document provided by Menifee County Board of Education at the informal conference titled “Kilowatt (kw) Metered Demand and Historical Minimum Billings” demand readings above 50kw are shown on five different occasions.

- c. Yes, current demand levels for meter points two and three combined are consistently in excess of 50kw. The combined level is mentioned due to the fact that prior to November 2003 all of the load was served by a single meter point before load was shifted by Menifee County Board of Education from meter point two to meter point three.

- d. It is unknown when the first tariff sheet for commercial loads was put into effect. Clark has located, in the board minutes, a letter and a copy of tariff sheets dated April 30, 1951, which superseded tariffs dated December 25, 1946. The letter from the Rural Electrification Administration was correspondence that was made a part of the minutes in 1951 which happened to reference rate Schedule B. A copy is attached as page 3.

- e. Clark does not maintain that it is the customer’s responsibility to choose the tariff under which it will be served. Rates and minimums are determined when the service requirements are known and no account is set to bill above the rate minimum unless a contract is negotiated. Accounts are billed under the contract terms until either Clark Energy or the consumer provide written notice to terminate as per contract.

- f. The Menifee County Board representatives stated at the informal conference that they did not have electrical service in 1951. The inclusion of the membership application was only to establish that the Menifee County Board of Education applied for electric service in 1947 with Fleming Mason.

- g. Clark Energy acquired a portion of Fleming Mason’s territory on December 29, 1950.

- h. Clark Energy has no record of any account information from the acquisition in 1950.

- i. Clark Energy has no record of any account or contract information from the acquisition in 1950.

PSC Request 1
Page 3

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON 25, D. C.

April 30, 1961

Mr. Wm. E. Hanshaw, Manager
Clark Rural Electric Cooperative Corporation
South Main Street
Winchester, Kentucky

Dear Mr. Hanshaw:


Subject: Kentucky 49 Clark
Retail Rates

This is in further reference to your discussion with Mr. Arnett, regarding the rate for the acquired consumers.

It is our recommendation that you reduce the rate to the acquired consumers and use your cooperative's adopted retail rates. It is estimated, based on the number of consumers transferred, that the amount of reduction is approximately \$1,250 per month. We are enclosing a suggested Schedule B, which provides for a demand charge of \$1.50 per kw for demand in excess of 10 kw.

Please keep us informed as to the action taken by your board of directors on the rate for the acquired consumers and the suggested Schedule B.

Very truly yours,


Hubert Wales
Regional Head
Management Division

Enclosure

SCHEDULE B

COMMERCIAL AND INDUSTRIAL LIGHTING AND POWER SERVICE

Availability

Available for commercial, industrial and three-phase farm service for all uses including lighting, heating and power, subject to the established rules and regulations.

Type of Service

Single-phase, and three-phase at available secondary voltages. Motors having a rated capacity in excess of ten horsepower must be three-phase.

Rate

Energy Charge

First	25	kwh per month	@	8.0	¢ per kwh
Next	25	kwh per month	@	5.0	¢ per kwh
Next	50	kwh per month	@	3.0	¢ per kwh
Next	500	kwh per month	@	2.5	¢ per kwh
Next	2000	kwh per month	@	2.0	¢ per kwh
Over	3000	kwh per month	@	1.5	¢ per kwh

Demand Charge

First 10 kilowatts of billing demand per month, no demand charge. Excess above 10 kilowatts of billing demand per month at \$ 1.50 per kilowatt.

Fuel Cost Adjustment Charge

In case the consumer's billing demand for the current month exceeds ten kilowatts the foregoing energy charge shall be adjusted, provided the rate under which Seller purchases power at wholesale is adjusted in accordance with a fuel cost adjustment provision in Seller's wholesale power contract. In such case foregoing energy charges shall be adjusted for the current month by the same amount per KWH as the fuel cost adjustment per kwh in Seller's wholesale power bill for the next preceding month.

Determination of Billing Demand

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as follows:

SCHEDULE B (Continued)

Power Factor Adjustment

The consumer agrees to maintain unity power factor as nearly as practicable. Demand charges will be adjusted for consumers with 50 KW or more of measured demand to correct for average power factors lower than 90%, and may be so adjusted for other consumers if and when the Seller deems necessary. Such adjustments will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 90% lagging.

Minimum Monthly Charge

The minimum monthly charge under the above rate shall be \$ 2.00 where 3 KVA or less of transformer capacity is required. For consumers requiring more than 3 KVA of transformer capacity the minimum monthly charge shall be increased by 75% for each additional KVA or fraction thereof required. Where it is necessary to extend or re-enforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with the terms of this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

Minimum Annual Charge for Seasonal Service

Consumers requiring service only during certain seasons not exceeding nine months per year may guarantee a minimum annual payment of twelve times the minimum monthly charge determined in accordance with the foregoing section, in which case there shall be no minimum monthly charge.

Temporary Service

Temporary service shall be supplied in accordance with the foregoing rate except that the consumer shall pay in addition to the foregoing charges the total cost of connecting and disconnecting service less the value of materials returned to stock. A deposit, in advance may be required of the full amount of the estimated bill for service, including the cost of connection and disconnection.

Service at Primary Voltage

If service is furnished at primary distribution voltage, a discount of ten percent (10%) shall apply to the demand and energy charges, and if the minimum charge is based on transformer capacity, a discount of 10% shall also apply to the minimum charge. However, service may be metered at secondary voltage and adjusted to primary metering by adding the estimated transformer losses to the metered kilowatt-hours and kilowatt demand.

Terms of Payment

The above rates are net, the gross rates being 3% higher on the first \$25.00 and 2% on the remainder of the bill. In the event the current monthly bill is not paid within fifteen (15) days from the date of the bill, the gross rates shall apply.

CLARK ENERGY COOPERATIVE, INC.

**PSC CASE No. 2011-00076
2nd Data Request**

Request 2

Responsible party: Holly Eades

Request 2. Clark Energy's response to Item 9 of Staffs First Request states at page 1, "An assumption could be made that Mr. Duvall disposed of the existing contract because the account was set to the rate minimum and the contract was no longer valid or needed."

- a. Does Clark Energy have a formal records-retention policy?
 - (1) If yes, provide a copy of the policy.
 - (2) If no, explain why.
- b. Does Clark Energy review its contract files to assure accuracy?
- c. How long does Clark Energy maintain its customer contracts? Explain.

Response 2

- a. Yes, Clark Energy does have a formal records-retention policy which is attached.
- b. Demand accounts are reviewed before each bill calc but the contract terms supersede any usage monitoring; contract terms state that the consumer provide written notice to terminate the contract.
- c. Contracts are destroyed at option after the expiration or termination of the contract.

CLARK ENERGY COOPERATIVE, INC.
WINCHESTER, KENTUCKY

OPERATIONS POLICY # 217.1

SUBJECT: RECORDS MANAGEMENT

I. OBJECTIVES

- A. The purpose of this policy is to ensure the reasonable and good faith retention of all records created by or under the control of the Cooperative, whether paper or electronic, that are necessary or advisable to retain for: business operations; historical value; accounting, audit, tax and financial purposes; compliance with applicable law; possible future use in litigation involving the Cooperative; and possible future use in an official proceeding or governmental investigation, audit or other matter. Other records, which are not necessary to retain for these reasons, shall be destroyed in accordance with the guidelines set forth in this policy. All other information that is not a record should be discarded after it has fulfilled its purpose to avoid the unnecessary expense and effort that would be required to preserve it. A legal hold notice shall be issued when it becomes necessary to preserve a record or other information otherwise scheduled or due for ordinary and appropriate destruction in accordance with this policy.

II. CONTENT

- A. Records of the Cooperative, which may be in electronic or paper form, shall be retained in accordance with these guidelines. Records that do not need to be retained shall be destroyed after the requisite retention period, if any, has passed. Pending or potential litigation, governmental investigation and other circumstances may require a “hold” or suspension of regularly scheduled destruction of records or other information. Employees will be promptly notified of any such hold by the cooperative attorney or the President and CEO.

III. POLICY CONTENT AND PROVISIONS

- A. **Definitions:** Unless otherwise indicated in this policy, the following terms will have the meanings provided in this section.

Active Data/Records – electronic or paper records and information that are presently in use or are immediately accessible to users.

-Archival Data/Records – electronic or paper records and information that are not directly accessible to users, but which are maintained long term and accessible with some effort.

--Backup Data/Records – electronic or paper records and information that are not presently in use and which are routinely stored on portable media (e.g. disks, magnetic tape) and/or off-site and are a source for disaster recovery.

Distributed Data/Records – data living on portable media or “non-local” devices (e.g. PDAs, BlackBerrys, application service provider, ISPs). Most is probably “active” data.

-ESI – “Electronically Stored Information” – any file, document, data, image, database, etc. that is stored on a computing device or electronic media, including but not limited to servers, computer desktops and laptops, cell phones, hard drives, flash drives, PDAs or BlackBerrys, CDs or DVDs, floppy disks, and magnetic tapes.

-Legacy Data – information which has retained some importance or usefulness to the Cooperative for a period of time but has been created or stored by the use of software and/or hardware that has subsequently become obsolete or been replaced (“legacy systems”).

Record – A “record” is any information (paper or electronic) recorded in a tangible form that is created or received by the Cooperative and documents some aspect of its operations. A record has some enduring value to the Cooperative that merits its retention for some period of time. Records include original and copies of contracts and other legal documents, memos, reports, forms, checks, accounting journals and ledgers, work orders, drawings, maps, images, photographs, and may be found in various electronic or machine-readable formats, including without limitation, CD-ROMs, DVDs, tape recordings, voice mail messages, e-mails, microfiche, web pages, computer and other electronic files.

-Other Information/Data – “Other information” or “data” is any other material that is of a transitory nature, that after serving its limited purpose or being transferred to a more permanent form, or being incorporated with other record material, Cooperative has no need to retain such information except in the event of a legal hold. Some examples are: notes, drafts, routine correspondence, informational or courtesy copies, extra copies of filed or preserved records, and emails containing non-record information (such as scheduling or logistics information, thank you notes, etc.).

-Employees should conduct themselves in a professional manner when using e-mail and internet services. Employees are expected to adhere to Operations Policy #303.9.

B. Retention of Records:

Records shall be indexed and retained in a manner that ensures their easy accessibility. Records shall be maintained for as long as the period stated in the schedule appended to this policy, which schedule is based on the minimum periods required by applicable state or federal law and necessity for ongoing business purposes. The retention schedule will be reviewed periodically and amended as needed to reflect changing legal requirements, business needs or evolving practices. The Vice-Presidents and HR shall be responsible for supervising all of the Cooperative's retention practices and procedures and ensuring that appropriate internal controls are implemented. Paper and electronic records and other information shall be maintained in the formats and/or media and at the locations provided in the master index, which media shall ensure a life expectancy that, at a minimum, preserves the records for as long as specified in the schedule. All records that require transfer to storage media that is different from the media in which the document was originally created or is being maintained requires documentation of the transfer and verification for accuracy.

C. Destruction of Records & Other Information:

Unless a legal hold is in effect, destruction of records shall occur within 6 months after the time period stated in the schedule has been met. Other information should be discarded as soon practicable after it has served its purpose unless subject to a legal hold.

Destruction may occur by the following acceptable methods:
(Paper)

- Recycling or trash if no sensitive, personally identifiable or confidential information is included
- Shredding or pulverizing if sensitive, personally identifiable or confidential information is included

(Electronic)

- Deletion of records and data on shared network files, computer desktop and laptop hard drives, including personal copies
- Deletion of distributed data/records on peripheral devices and portable storage media (e.g. PDAs, memory sticks, CDs, floppy disks, etc.)
- Erasing or recycling of magnetic tapes

D. Suspension of Destruction/"Legal Hold":

A legal hold is the process for suspending the destruction of records and other information that becomes necessary for the Cooperative to preserve. A legal hold may need to be issued for various reasons, such as:

- A complaint is filed against the Cooperative
- A credible threat of litigation has been received by the Cooperative
- A discovery request is received
- A records preservation order has been issued
- A subpoena has been served on the Cooperative
- A governmental, regulatory or law enforcement agency has instituted an

investigation

- An event has occurred that resulted in death or serious bodily injury
- A circumstance has arisen that is likely to cause the Cooperative to file a lawsuit against someone or some entity
- An employee has made a complaint/allegation/report regarding a violation of law, Cooperative policy, or other improper conduct prompting an internal investigation

If a staff member of the Cooperative receives any such complaint, request, subpoena or inquiry, he or she should immediately submit it to the President & CEO, Vice President or HR. Following consultation with legal counsel, a determination will be made regarding the need to preserve records. If such a need is determined to exist, then the Cooperative's attorney will issue a legal hold notification.

The legal hold requires the preservation of all records and other information detailed in the legal hold notice. With regard to electronic records and information, all such active, distributed and archived materials must be preserved. Back-up tapes that only contain records or other information redundant to that which is being maintained as active or archived data, will be recycled or destroyed in accordance with the Cooperative's regular back-up tape policy/practice.

IV. RESPONSIBILITY

- A. The Vice Presidents, HR, and department managers are directly responsible to see that the policy is adhered to within their respective areas.

- B. The President and CEO is responsible to the Board of Directors for overall compliance.

Appendix I Retention Schedule

Record Description	Retention Period
<u>Corporate & General:</u>	
1. Reports to members: Annual reports or statements to members.	5 years
2. Organizational documents: (a) Minute books of member, board and board committee meetings; (b) Titles, franchises, and licenses: Copies of formal orders of regulatory commissions served upon the utility, if applicable. (c) Articles and amendments in effect; Bylaws and amendments in effect; Board resolutions regarding member classes or rights	(a) Permanently (b) 6 years after final non-appealable order (c) Permanently
3. Contracts, including amendments and agreements (<i>except contracts provided for elsewhere</i>): (a) Service contracts, such as for management, accounting, and financial services. (b) Memoranda essential to clarifying or explaining provisions of contracts listed above.	(a) 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later (b) For the same periods as contracts to which they relate
4. Accountants' and auditors' reports: (a) Reports of examinations and audits by accountants and auditors not in the regular employ of the utility. (b) Internal audit reports and working papers	(a) & (b) 5 years after the date of the report
<u>Information Technology Management:</u>	
5. Automatic data processing records.	Original retained only for period of time necessary to confirm data entry
Software program documentation and revisions thereto.	Retain as long as it represents an active viable program .
<u>General Accounting Records:</u>	
6. General and subsidiary ledgers: (a) Ledgers: (1) General ledgers (2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere. (3) Trial balance	10 years
7. Journals: General and subsidiary	10 years

<p>8. Journal vouchers and journal entries including supporting detail:</p> <p>(a) Journal vouchers and journal entries</p> <p>(b) Analyses, summarization, distributions, and other computations which support journal vouchers and journal entries:</p> <p>(1) Charging plant accounts</p> <p>(2) Charging all other accounts</p>	<p>(a) 10 years</p> <p>(b)(1) 25 years.</p> <p>(b)(2) 6 years</p>
<p>9. Cash books: General and subsidiary or auxiliary books</p>	<p>5 years after close of fiscal year.</p>
<p>10. Accounts Payable Registers</p>	<p>5 years.</p>
<p>11. Accounts Payable Registers</p> <p>(a) Paid and canceled vouchers (one copy-analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers).</p> <p>(b) Original bills and invoices for materials, services, etc., paid by vouchers.</p> <p>(c) Paid checks and receipts for payments of specific vouchers.</p> <p>(d) Authorization for the payment of specific vouchers</p>	<p>5 years</p> <p>*FEMA documentation will be retained 5 years after audit and final payment is received</p>
<p><u>Insurance:</u></p> <p>12. Insurance records:</p> <p>(a) Records of insurance policies in force, showing coverage, premiums paid, and expiration dates.</p> <p>(b) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses, and supporting papers.</p>	<p>(a) Destroy at option after expiration of such policies</p> <p>(b) 6 years.</p>
<p>13. <u>Operations and Maintenance:</u></p> <p>(a) System operator's daily logs and reports of operation</p> <p>(b) Transformer certificate of disposal</p> <p>(c) Records of transformer oil tests.</p> <p>(d) Records of other inspections, assessments, tests of component parts of the utility system, and Emergency Restoration Plan exercises</p>	<p>(a) 3 years</p> <p>(b) Permanently</p> <p>(c) 2 years</p> <p>(d) 2 years</p>
<p>14. Right of Way Maintenance:</p> <p>(a) Contracts with outside vendors for right of way maintenance</p> <p>(b) Records pertaining to miles of line cut, circuits, chemical treatments, etc</p> <p>(c) Invoices and disbursements</p>	<p>(a) Life of contract + 1 year</p> <p>(b) 5 years</p> <p>(c) 5 years</p>

<p><u>Plant and Depreciation:</u> 15. Plant ledgers: (a) Ledgers of utility plant accounts including land and other detailed ledgers showing the cost of utility plant by classes. (b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of utility plant owned. (c) Life & mortality study data for depreciation purposes</p>	<p>(a) & (b) 25 years. (c) 25 years or for 10 years after plant is retired, whichever is longer.</p>
<p>16. Construction work in progress ledgers, work orders, and supplemental records: (a) Construction work in progress ledgers (b) Work orders sheets to which are posted in summary form or in detail the entries for labor, materials, and other charges for utility plant additions and the entries closing the work orders to utility plant in service at completion. (c) Authorizations for expenditures for additions to utility plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations). (d) Requisitions and registers of authorizations for utility plant expenditures. (e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions. (f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours etc., in connection with completed construction project. (g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts.</p>	<p>5 years after clearance to plant accounts</p>
<p>17. Retirement work in progress ledgers, work orders, and supplemental records: (a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to utility plant accounts for cost of plant retirement. (b) Authorizations for retirement of utility plant, including memoranda showing the basis for determination to be retired and estimates of salvage and removal costs. (c) Registers of retirement work</p>	<p>5 years after plant is retired</p>
<p>18. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to utility plant accounts not covered by construction or retirement work orders and their supporting records.</p>	<p>5 years</p>

19. The original or reproduction of engineering records, drawings, and other supporting data for proposed or as-constructed utility facilities	5 years
20. Contracts relating to utility plant: (a) Contracts relating to acquisition or sale of plant (b) Contracts and other agreements relating to services performed in connection with construction of utility plant (including contracts for the construction of plant by others for the utility and for supervision and engineering relating to construction work).	(a) & (b) 6 years after plant is retired or sold
21. Records pertaining to reclassification of utility plant accounts to conform to prescribed systems of accounts including supporting papers showing the bases for such reclassifications.	6 years
22. Records of accumulated provisions for depreciation and depletion of utility plant and supporting computation of expense: (a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant. (b) Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable utility plant.	(a) & (b) 25 years
Purchase Orders 23. Procurement: (a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements, and the various types of purchase orders: (1) For goods or services relating to plant construction (2) For other goods or services (b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement.	6 years
24. Material ledgers: Ledger sheets of materials and supplies received, issued, and on hand	5 years
25. Materials and supplies received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods	5 years.
26. Records of sales of scrap and materials and supplies: (a) Authorization for sale of scrap and materials and supplies. (b) Contracts for sale of scrap materials and supplies	10 years

Revenue Accounting and Collecting: 27. Members service applications	Permanently scanned
28. Rate schedules/Tariff Sheets	6 years after published rate sheets and schedules are superseded or no longer used to charge for utility service
29. Meter Test Records	Life of the meter
30. Miscellaneous billing data: (a) Bill stubs, copies of bills, collection slips, and other records pertaining to collections, summarized or detailed in daily or periodic cash reports (b) Customers' billing history (c) Demand account contracts (d) Month end billing reports	(a) 6 Months (b) 2 years (c) Destroyed at option after the expiration or termination of the contract (d) 5 years
31. Revenue summaries: Summaries of monthly operating revenues according to classes of service. Including summaries of forfeited discounts and penalties	5 years
Tax: 32. Tax records: (a) Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment.: (1) Income tax returns (2) Property tax returns (3) Sales and other use taxes . (4) Other taxes (b) Information returns and reports to taxing authorities. (c) Tax exemption application and determination letter	(a)(1), (2), (4) 2 years after final tax liability is determined. (a)(3) 4 years (b) 3 years after final tax liability is determined (c) Permanently
33. Records of deposits with banks and others: (a) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit. (b) Check stubs, registers, or other records of checks issued. 33A. Records of financial commitments with lenders (a) loan applications, approval letters & loan contracts (b) mortgages, other security instruments associated with loans (c) release of lien (d) notification from lender to borrower of satisfaction of financial commitment	(a) Destroy at option after completion of audit by independent accountants. (b) 3 years (a) & (b) Once a loan or mortgage has been fully paid, these documents, along with receipts or other proof of payment, may be destroyed at a borrower's option. However, retained copies of the executed loan contract and mortgage would be helpful evidence of the requirements to which the borrower was subject during the loan period. (c) Permanently (d) Permanently
Miscellaneous: 34. Statistics: Financial, operating and statistical reports used for internal administrative or operating purposes.	5 years

35. Budgets and other forecasts (prepared for internal administrative or operating purposes) of estimated future income, receipts and expenditures in connection with financing, construction and operations, including acquisitions and disposals of properties or investments.	5 years
36. Reports to Federal and State regulatory commissions including annual financial, operating and statistical reports.	5 years
37. Advertising: Copies of advertisements by or for the company on behalf of itself or any associate company in newspapers, magazines, and other publications, including costs and other records relevant thereto (excluding advertising of appliances, employment opportunities, routine notices, and invitations for bids all of which may be destroyed at option).	2 years
<p><u>Employment Related:</u></p> <p>38. Safety</p> <p>(a) Motor vehicle inspection, repair & maintenance records</p> <p>(b) CDL driver qualification files</p> <p>(c) CDL driver drug & alcohol tests & results</p> <p>(d) OSHA 300 Log & OSHA 301 incident reports</p>	<p>(a) 1 year and for 6 months after the motor vehicle leaves the motor carrier's control</p> <p>(b) for 3 years after termination of employment</p> <p>(c) 5 years</p> <p>(d) 5 years</p>
<p>39. Personnel</p> <p>(a) Payroll records</p> <p>(b) Performance reviews & other documentation about treatment on the job, job applications and resumes, etc.</p> <p>(c) Benefits plan information (ERISA)</p> <p>(d) I-9 Forms for all employees hired after 11/6/1986</p> <p>(e) Payroll & unemployment taxes</p> <p>(f) Wage/earnings records (e.g. time cards, wage rate tables, etc.)</p> <p>(g) Dates of FMLA leave, notices to or from employees re FMLA, records of any disputes, etc.</p>	<p>(a) 3 years</p> <p>(b) 3 years for records related to <u>age</u> , but 1 year for records related to Title VII & ADA: race, ethnicity, national origin & disability</p> <p>(c) At least 6 years after the filing date of the documents</p> <p>(d) for 3 years after the date of hire or 1 year after the date employment is terminated, whichever is later</p> <p>(e) 4 years</p> <p>(f) 4 years – as required by KY Transportation Cabinet</p> <p>(g) 3 years</p>
<p><u>Environmental:</u></p> <p>40. Hazardous Waste/Toxic Chemicals (reports, inspection logs, training records, waste shipment manifests or records, sampling and monitoring data)</p> <p>(a) PCB equipment inspection and maintenance history</p> <p>(b) Used oil: Spill prevention protection & control plans</p> <p>(c) Employee exposure.</p>	<p>(a) 3 years from submission of the report</p> <p>(b) 3 years</p> <p>(c) 30 years</p>
<p><u>Miscellaneous Licenses, Permits & Other Requirements:</u></p> <p>41. FCC –</p> <p>(a) radio frequency spectrum licenses</p> <p>(b) private land mobile radio and microwave station records</p> <p>(c) correspondence with the FCC</p>	<p>(a) permanently, or until cooperative no longer holds an FCC license</p> <p>(b) 1 year</p> <p>(c) permanently, or until cooperative no longer holds an FCC license</p>

<p>42. NERC Reliability Standards – (can include audit records, system testing, personnel training, etc.)</p>	<p>3 years</p>
<p><u>Service Related:</u> 43. Records kept in relation to service-related events (a) Consumer complaints (including correspondence, voice recordings, investigation reports, etc.) (b) Outages (investigation reports, operational records, etc.) (c) Accidents (investigation reports, photographs, operational records, etc.)</p>	<p>(a) – (c) Until the applicable statute of limitations has passed or litigation is finally decided or settled.</p>

CLARK ENERGY COOPERATIVE, INC.

PSC CASE No. 2011-00076
2nd Data Request

Request 3

Responsible party: Holly Eades

Request 3 Clark Energy's response to Item 9 of Staffs First Request states, at page 1, "The transfer to rate C occurred with the billing effective June 2010." At page 2 of the response, the January 26, 2010 electronic mail from David Duvall to Holly Eades, with a "Cc" to Paul Embs, states, "The change needs to be made with February's billing, (January usage)."

- a. Explain why the Menifee County's account was not transferred to rate C from rate L with the February billing.
- b. Why did the transfer of Menifee County's account from rate L to rate C not occur until the billing effective June 2010?

Response 3

- a. The accounts contract demand was changed with the February 2010 billing from 135 kw to the rate L minimum of 50 kw after the inquiry from Lori Franklin with the Menifee County Board of Education. Ms. Franklin was aware that the account change was from a minimum demand of 135 kW to 50 kW.
- b. Menifee County Board's account was changed to rate C in June 2010 when Clark Energy's rate case, 2009-00314, was approved. The new rate structure established that accounts be billed demand charges only when 50 kW or above is used.

CLARK ENERGY COOPERATIVE, INC.

PSC CASE No. 2011-00076
2nd Data Request

Request 4

Responsible party: Holly Eades

Request 4: Clark Energy's response to Item 11 of Staff's First Request states, "Clark Energy does not have copies of any member bills prior to April 2011."

- a. How long does Clark Energy retain copies of member's bills?
- b. Provide the source of information for the analysis of Menifee County's billing history provided on page 2 of your response. Provide the spreadsheet in electronic format with formulas intact and unprotected on a compact disc.

Response 4.

- a. Clark Energy upgraded to a new software platform in April 2011. The new software automatically stores a copy of the bill at the time of billing and the system retains the copy for the retention period of the billing history. Prior to the upgrade Clark Energy did not receive actual bill copies.
- b. The information provided in the analysis was taken from accounts billing consumption history in Clark's billing files. A CD is attached to the original copy of this response.

CLARK ENERGY COOPERATIVE, INC.

PSC CASE No. 2011-00076
2nd Data Request

Request 5

Responsible party: Todd Peyton

Request 5 Clark Energy's response to Item 10.b. of Staffs First Request states," The contract demand was established prior to the new installation of meter point 1."

- a. Provide the location, meter number, account number, and the facility served by meter point 1.
- b. When was meter point 1 installed?
- c. Was meter point 1 the initial meter service provided to Menifee County? If not, identify the initial meter service provided to Menifee County, including location, meter number, account number and facility served.
- d. How was the contract demand established prior to the new installation of meter point 1?
- e. Who established the contract demand described in response to Item 10.b.?
- f. How is a minimum demand determined?
- g. Following installation of a new meter, is a subsequent review of that meter conducted to determine if minimum demand adjustments are needed to accurately reflect minimum demand? Explain.

Response 5

Clarification and general response to Questions 5a thru 5f – Reference to meter point 1 in Clark's first data response was a typographical error and should have correctly referenced meter point 3. Data provided below is for meter point 3.

- a. Location - Hwy 460 & Indian Creek, Meter Number - 35947, Account Number - 2914400, Facility Served – Frenchburg Elem/Middle/High School
- b. November 4, 2003
- c. Meter point 3 is not the initial meter service. The initial meter point is meter point two. Location - Hwy 460 & Indian Creek, Meter Number - 32684, Account Number- 2280310, Facility Served – Shop/Greenhouse.
- d. Contract demand would have been established at the time of original contract for meter point two based on information provided by the consumer and agreed too per signed contract by both parties.
- e. The personnel at Clark who would have established the contract demand are no longer employed at Clark; it is unknown who with the Menifee County Board of Education agreed to the contract demand.
- f. Minimum demand is determined based on connected load information provided by the consumer. Minimum demand charge is agreed to by Clark and consumer by contract.
- g. Demand accounts are reviewed before each bill calc but the contract terms supersede any usage monitoring; contract terms state that the consumer provide written notice to terminate the contract.

CLARK ENERGY COOPERATIVE, INC.

**PSC CASE No. 2011-00076
2nd Data Request**

Request 6

Responsible party: Holly Eades & Todd Peyton

Request 6 Clark Energy's response to Item 14 of Staff's First Request states, "Transformers are a special equipment item and are capitalized at purchase; therefore, there is no work order for the replacement of the transformers."

- a. Are transformers warranted by the manufacturer? If yes, for what duration?
- b. How is the "in service" date for a transformer determined?
- c. Identify any potential documentation describing the service age of the equipment that could be utilized in the event of a claim for a defective transformer.
- d. Identify any potential documentation describing the proper loading or reasonable use of equipment that could be utilized in the event of a claim for a defective transformer.
- e. Are work orders issued for the initial installation of a transformer?
- f. If work orders are not issued for replacement transformer installation, how does Clark Energy know when it is necessary to write off transformers taken out of service?

Response 6

- a. Transformer warranties vary based on manufacturer and design. A typical warranty is between one (1) and five (5) years.
- b. For warranty purposes the in service date is irrelevant; the warranty begins at the date of purchase.
- c. Any potential claim for a defective transformer is based solely upon purchase date and the transformer warranty is traced by the serial number, by the manufacturer.

d. In the event of a transformer failure, the only information needed by the manufacturer is the serial number of the unit. If the unit is in warranty the manufacturer will request the return of the unit, if load information were to be requested Clark would submit available usage history.

e. Work orders are not issued specifically for a transformer installation. The transformer size is noted on the staking sheet for construction crews to load. Refer to Clark's response 13, page 2 of the first data request.

f. All transformers removed from service are brought to the headquarters office. All transformers are shipped to repair facilities and are either repaired or junked. The repaired transformers are returned to service and the junked transformers are written off.

CLARK ENERGY COOPERATIVE, INC.

**PSC CASE No. 2011-00076
2nd Data Request**

Request 7

Responsible party: Holly Eades

Request 7 Clark Energy denies Menifee County's statement that both parties determined that the incorrect billing began about November 2003. Describe the communications that occurred between Clark Energy and Menifee County concerning any billing issues in:

- a. 2003;
- b. 2004;
- c. 2005;
- d. 2006;
- e. 2007;
- f. 2008;
- g. 2009;
- h. 2010; and
- i. 2011

Response 7

- a. 2003; Clark Energy connected a new service at the Menifee County High School; account activated.
- b. 2004; No record of any communication.
- c. 2005: No record of any communication.
- d. 2006; Clark Energy received a letter from Superintendent Charles Mitchell requesting billing records of their accounts. Billing information was sent as requested.
- e. 2007; No record of any communication.
- f. 2008; No record of any communication.
- g. 2009; No record of any communication.

h. 2010; **January 2010** - Clark Energy received a call from Lori Franklin requesting a review of demand charges. David Duvall, former Clark Energy employee, agreed to lower the demand minimum from 135 kW to 50 kW. The change was effective with the February 2010 billing.

June – October 2010 – Holly Eades, Clark Energy, had multiple conversations with Mr. Terry Anderson about the billings at account 2280310. Mr. Anderson referenced KAR 807 5:006, Section 10, in requesting a refund back to 1997. Ms. Eades explained that Section 10 referred to an incorrect billing and since the account had been billed under a contract demand for years there was not an incorrect billing. Clark Energy offered, in good faith, to issue a refund for a two year period (referencing KAR 278.225) based on the account being on rate B at actual demand. If the account was not on L, rate B would be the only rate applicable at the time; the kWh charges would have been higher with a lower demand charge.

October 2010 – Paul Embs, CEO, Clark Energy, received a letter from Superintendent Mitchell requesting a refund on account 2280310 from 1997 to the present.

November 2010 – Ms. Eades had multiple conversations with Terry Anderson about the billing on account 2280310. Mr. Anderson's stance is that Clark Energy should have known when the school board transferred its' load to another meter. The Menifee Board made requests for billing information and tariff sheets; they were receiving a bill every month that stated the contract up charges for demand and did not express any concerns to Clark Energy. Mr. Anderson requested refunds on demand charges back to 1997. Ms. Eades relayed that Clark Energy could not grant the request and that the Menifee Board would have to talk with the PSC about determining liability and a time frame. Mr. Anderson asked if Clark Energy would be willing to go to the PSC for an informal conference and he was told by Ms. Eades that was the only course of action since there was no agreement and due to the request being made for refunds back to 1997.

i. 2011; **July 2011** – Informal conference at KY Public Service Commission.