



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

Bruce W. Stansbury  
660 Duvall Lane  
Finchville, KY 40022

July 29, 2008

RE: Case No. 2008-00277

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo  
Executive Director

SS/rs  
Enclosure



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David L. Armstrong  
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James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

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

July 29, 2008

RE: Case No. 2008-00277

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo  
Executive Director

SS/rs  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BRUCE WILLIAM STANSBURY	)	
	)	
COMPLAINANT	)	
	)	
V.	)	CASE NO. 2008-00277
	)	
SHELBY ENERGY COOPERATIVE, INC.	)	
	)	
DEFENDANT	)	

O R D E R

On July 7, 2008, Complainant, Bruce William Stansbury, met with Commission Staff to inform them of his concerns regarding the internal management of Shelby Energy Cooperative, Inc. ("Shelby Energy") and employee/management relations at the utility. Mr. Stansbury is both a customer and former employee of Shelby Energy, who was terminated from his employment on June 27, 2008. During the July 7, 2008 meeting, Mr. Stansbury presented documents from Shelby Energy which appeared to contain proprietary information. Copies of the documents were made for Commission Staff.

At the meeting, Mr. Stansbury was advised by Commission Staff that among the several concerns he expressed regarding Shelby Energy's management practices and employee/management relations, only two appeared to be possibly actionable by the Commission: (1) Shelby Energy's failure to properly pass through a rate increase caused

by East Kentucky Power Cooperative, Inc.'s ("East Kentucky")<sup>1</sup> fuel adjustment clause ("FAC") increase granted by the Commission in July 2007 in Case No. 2006-00524,<sup>2</sup> and (2) Shelby Energy's alleged failure to properly pass through the increase in its base rates caused by the increase in East Kentucky's base rates granted by the Commission in Case No. 2006-00487<sup>3</sup> in November 2007.<sup>4</sup> Mr. Stansbury was advised that, as a member and customer of Shelby Energy, among the procedural options available to him was the filing of a formal complaint against the utility pursuant to 807 KAR 5:001, Section 12. He was further advised that the Commission's jurisdiction extends only to the rates and service provided by utilities and that his complaint should explain how the alleged billing errors affected the rates charged to him or the service provided to him by Shelby Energy.

On July 7, 2008, following the meeting with Commission Staff, Mr. Stansbury filed a formal complaint against Shelby Energy, which is attached hereto as Appendix A. On July 8, 2008, in response to Commission Staff's telephone inquiry, Mr. Stansbury

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<sup>1</sup> East Kentucky is a wholesale electric cooperative that has 16 member distribution cooperatives, including Shelby Energy.

<sup>2</sup> Case No. 2006-00254, An Examination of the Application of the Fuel Adjustment Clause of Shelby Energy Cooperative, Inc. From November 1, 2004 to October 31, 2006.

<sup>3</sup> Case No. 2006-00487, Application of Shelby Energy Cooperative, Inc. to Pass-Through an Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

<sup>4</sup> Upon further investigation, Commission Staff determined that in December 2007, Shelby Energy's CEO, Debbie Martin, disclosed to the Commission that Shelby Energy had failed to adjust its rates pursuant to the Commission's July 25, 2007 Order in Case No. 2006-00524 to pass through the FAC rate increase in its customers' bills during the months of August 2007 through December 2007. Following the disclosure of this information, Commission Staff accepted Shelby Energy's proposal to adjust its billing to make up the under-billed amount over a 5-month period beginning on February 15, 2008, and ending on June 16, 2008.

authorized Commission Staff to attach to his complaint copies of the documents he had provided to Commission Staff at the July 7, 2008 meeting.<sup>5</sup>

As presently filed, the July 7, 2008 complaint does not describe with sufficient specificity the Complainant's grievances against Shelby Energy to allow the Commission to determine, pursuant to 807 KAR 5:001, Section 12(4)(a), whether a prima facie case exists.

IT IS THEREFORE ORDERED that:

1. Complainant shall be allowed to amend his July 7, 2008 complaint within 20 days from the date of service of this Order to state fully, clearly, and with reasonable certainty the acts or omissions allegedly committed by Shelby Energy, which form the substance of the complaint.

2. The amended complaint shall refer, where practicable, to the law(s), regulation(s), or Order(s) allegedly violated, including a detailed description of each document provided to Commission Staff in support of those allegations.

3. Failure to amend the complaint within 20 days from the date of service of this Order shall result in the dismissal of the complaint, pursuant to 807 KAR 5:001, Section 12(4)(b).

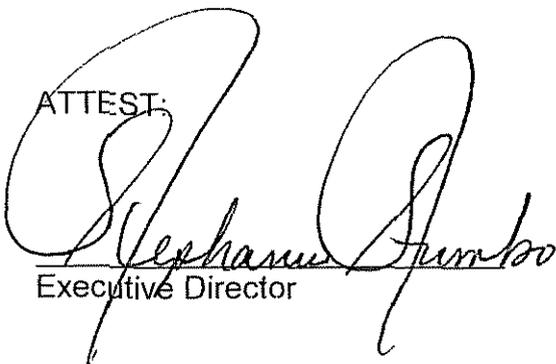
4. The documents attached to the complaint shall be deemed to be confidential and shall not be disclosed to anyone other than the Complainant and Shelby Energy for a period of 30 days.

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<sup>5</sup> Because the documents appear to contain proprietary information which may be subject to confidentiality under the Kentucky Open Records Act, the Commission, on its own motion, will deem the documents produced by Mr. Stansbury to be confidential for a period of 30 days. If Shelby Energy desires to keep the documents confidential, it should file an appropriate application to that effect prior to the expiration of the 30-day period.

Done at Frankfort, Kentucky, this 29th day of July, 2008.

By the Commission

ATTEST:  
  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00277 DATED JULY 29, 2008

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

RECEIVED

JUL 07 2008

PUBLIC SERVICE  
COMMISSION

BRUCE WILLIAM STANSBURY  
(Your Full Name)

COMPLAINANT

VS.

SHELBY ENERGY COOP.  
(Name of Utility)

DEFENDANT

2008-00277

COMPLAINT

The complaint of BRUCE WILLIAM STANSBURY respectfully shows:  
(Your Full Name)

(a) BRUCE WILLIAM STANSBURY  
(Your Full Name)

1616 DUVALL LANE FINCHVILLE KY 40022  
(Your Address)

(b) SHELBY ENERGY COOP  
(Name of Utility)

1620 OLD FINCHVILLE KY SHELBYSVILLE KY 40065  
(Address of Utility)

(c) That: GROSS MISMANAGEMENT OF "BASE  
(Describe here, attaching additional sheets if necessary,

RATE CORRECTION" CHARGES AND OF THE  
the specific act, fully and clearly, or facts that are the reason

FUEL ADJUSTMENT CHARGES. FORMER  
and basis for the complaint)

CEO DUDLEY BOTTOM CONTINUES TO  
BE PAID - WHY?

Formal Complaint

BRUCE W STANBURY vs. SHELBY ENERGY

Page 2 of 2

① INCOMPENT PEOPLE IN MANAGEMENT  
POSITIONS

② REQUEST AN AUDIT OF ALL PRACTICES

Wherefore, complainant asks ① AUDIT OF ALL PRACTICES,  
(Specifically state the relief desired.)

POLICIES, BILLING AND PAYMENTS

② HIRING ; TERMINATION OF PERSONAL  
OVER THE LAST 7 YEARS

Dated at FINCHVILLE, Kentucky, this 7<sup>TH</sup> day  
(Your City)

of JULY, 2008  
(Month)

Bruce W Stanbury  
(Your Signature)

(Name and address of attorney, if any)