



P.O. Box 18 • 6402 Old Corydon Road
Henderson, Kentucky 42419-0018
1.800.844.4832

June 10, 2016

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Kentucky Public Service Commission
Aaron Greenwell
Deputy Executive Director - Internal
211 Sower Blvd.
Frankfort, KY 40602-0615

Public Service
Commission

Please find enclosed four (4) copies of Kenergy's responses in the Administrative Case No. 2012-00428. We have thoroughly reviewed the content of the final order dated April 13, 2016. Based on our interpretation of the findings and orders we have documented our responses to four (4) of the major areas of focus covered in the Case. These are (as outlined in the Table of Contents):

Kenergy's internal procedures governing Customer Privacy
Kenergy's internal procedures governing Customer Education
Kenergy's certification related to internal Cyber Security procedures
Kenergy's internal procedures regarding Smart Grid Investments

We wish to thank you and your staff for continued support and input to Kenergy for the duration of this process. The research has been beneficial to Kenergy in a number of ways. We trust these responses will reflect that fact.

Best regards,



John E. Newland, P.E.
Vice President Engineering

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**Kenergy's Response
To Final Order
Administrative Case No. 2012-00428**

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Your Touchstone Energy® Cooperative

CORPORATE POLICY

Kenergy Response Customer Privacy Administrative Case No. 2012-00428

Policy on Privacy and Confidentiality

I. Objective

Kenergy Corp. ("Kenergy") respects the privacy and confidentiality of member-owners information. This policy describes the information that Kenergy collects from its member-owners as a routine part of its operations, and how it uses, protects, and shares the information that it collects.

II. Policy

A. Categories of Information Collected

Kenergy collects and maintains appropriate information about its member-owners, including:

1. Contact information, including a member-owner's name, address, telephone number, and e-mail address. Kenergy also collects a user name and password for online access.
2. Billing information, including Social Security number, credit information, financial account information, and payment history.
3. Electric usage data gathered by Kenergy's metering systems and a member-owner's service history.
4. Capital and patronage account information for member-owners and former member-owner's and contact information for former member-owners resulting from membership and governance activities.
5. Responses to member-owners survey(s) conducted by Kenergy to identify needs or improve service.
6. Additional information that is collected and maintained when and to the extent appropriate to provide electric service to member-owners.

B. Purposes for Collection; Access and Correction

1. Kenergy collects and maintains information about member-owner's for purposes that are suitable to its operations and management. Information is collected only through lawful and fair means and for appropriate purposes.
2. Kenergy is committed to maintaining accurate, complete, timely, relevant, and appropriate information about member-owner's as necessary for the purpose for which the information is to be used. Kenergy generally permits its member-owner's to access and seek correction of records about themselves that are maintained and used by Kenergy to provide service, for billing, and to manage capital accounts. Any requests for, or disputes relating to, access, correction, or other matters should be directed to Kenergy Corp. , Mail to: Attn: Billing Department, P.O. box 18, Henderson Ky. 42419, email to: info@kenenergycorp.com, or call: 1-800-844-4832. Kenergy will do its best to resolve any questions or problems that may arise regarding the use of member-owner information.
3. Kenergy provides usage data to member-owners through its smart-hub portal, specifically the My Usage option.

C. How Kenergy Collects Member-Owner Information

Kenergy collects member-owner information through the following methods:

1. When member-owner's create an account and interact with Kenergy regarding their account, utility service, or participation in Kenergy programs.
2. When member-owner's use electricity service and metering systems.
3. When member-owner's interact with Kenergy through its website www.kenenergycorp.com.
4. When Kenergy interacts with third parties, such as credit agencies.

D. Use and Retention of Member-Owner Information by Kenergy

1. Kenergy uses information about member-owner's in defined and responsible ways in order to manage, provide, and improve its products, services, and operations. Specific examples of such use are to: administer member-owner accounts; inform member-owner's about their energy usage; provide member-owner's with outage information, peak alerts, and warning messages; and communicate with member-owner's about programs or opportunities that may be of interest to them.
2. Data about member-owner's' electric usage may be compiled in aggregate form so that an individual member-owner's daily energy usage habits are not revealed, and such data may be used by Kenergy to improve system operations, efficiency and overall member-owner service.
3. Kenergy retains member-owner information, including energy usage data, in such amounts and for such periods of time as required by law or regulation or as reasonably necessary to provide services.

E. Security

1. Kenergy maintains member-owner information with reasonable and appropriate technical, administrative, physical and cyber safeguards to protect against loss, unauthorized access, destruction, misuse, modification, and improper disclosure of member-owner information. Member-owners are warned, however, that no system can ever be fully protected against every possible hazard.
2. Kenergy requires its employees, affiliates and contractors who have access to member-owners information to agree in writing to comply with this privacy and confidentiality policy. Any employee or contractor who fails to comply with these rules may be subject to disciplinary action up to and including termination.
3. Member-owner information that member-owner's may access through Kenergy's website is protected using cyber security protocols designed to prevent unauthorized third parties from accessing such information.
4. Regular internet e-mail is never completely secure. When corresponding to Kenergy via e-mail, you should only provide information that is non-sensitive and non-confidential. Please do not furnish any information of a personal nature that you feel uncomfortable providing via e-mail. If you are concerned about the security of your communication, please transmit your correspondence using the postal service or telephone. Kenergy is not responsible for the security of information we receive via e-mail.

F. Disclosure to Third Parties

1. Kenergy does not share member-owner information with a third party, except at the member-owner's prior written request, or as described below. Member-owners who wish to authorize Kenergy to disclose their information to a third party may do so by contacting Kenergy as described above in section B, item 2.
2. Information may be disclosed to affiliates or contractors hired by Kenergy to assist in carrying out operations, such as service, maintenance, billing, and management functions including legal, audit, and collection services. Information may also be shared with other utilities under shared service agreements or to meet operational requirements. Information will only be disclosed to such persons to the extent necessary to render the services, and only to those who agree in writing to maintain the confidentiality and security of the information.
3. Kenergy may disclose to and share information with commercial and consumer credit reporting agencies for credit-related activities (e.g., the reporting of bad debts).
4. Sufficiently aggregated information may be disclosed to third parties where necessary or beneficial for Kenergy's operations for example, to improve efficiency and overall customer services.
5. Information may be disclosed when authorized or required by law, including in response to a search warrant, subpoena, or court or law enforcement order. For example, Kenergy may use and disclose records for investigations into employee misconduct or for law enforcement investigations related to its business. Disclosures may also be made when appropriate to protect Kenergy's legal rights or in situations involving an imminent threat to life or property. Kenergy will take reasonable steps to limit the scope and consequences of any of these disclosures.

G. Disclosure of Membership Lists to Member-owner's

1. Membership lists of Kenergy may be disclosed to a member-owner for proper purposes, such as in connection with Director Election activities. Such disclosures will only be made in accordance with a policy adopted by the Board, and further uses of any lists so disclosed will be subject to that policy.

H. Website use- Your Role

1. While Kenergy works hard to protect your confidentiality, you also play a role in protecting personal information.
2. You are responsible for obtaining and maintaining all equipment and services needed for access to and use of the Kenergy websites and for paying all charges related thereto. You are responsible for maintaining the confidentiality of your Kenergy websites password and you are solely responsible for all activities that occur under your password. You agree to notify Kenergy immediately of any unauthorized use of your password or any other breach of security related to the Kenergy websites. Kenergy reserves the right to require you to change your password if Kenergy believes that your password is no longer secure.
3. Do not share your account number or password with anyone and do not provide your account number if your browser does not indicate you are using an encrypted connection. Also, remember to sign off once you have completed a secure transmission with us. Together Kenergy can provide you with a safe and confidential internet environment.
4. You agree not to use the Kenergy websites (a) in a manner that violates any local, state, national, foreign or international statute, regulation, rule, order, treaty or other law; (b) to stalk, harass, or harm another individual; (c) to impersonate any person or entity or otherwise misrepresent your affiliation with a person or entity; or (d) to interfere with or disrupt the Kenergy websites or servers or networks connected to the Kenergy websites. You further agree not to use any data mining, robots or similar data gathering or extraction methods in connection with the Kenergy websites; or attempt to gain unauthorized access to any portion of the Kenergy websites or any other accounts, computer systems, or networks connected to the Kenergy Websites, whether through hacking, password mining or any other means.

I. Website use – Legal terms and conditions of use

1. This statement presents the terms and conditions which apply to access and use of Kenergy's web site. The material provided on this web site is available for lawful purposes only. If you do not agree to all of these legal terms, do not use this web site.
2. Kenergy reserves the right to change or amend these conditions at any time by updating this notice. Kenergy reserves the right to terminate this agreement at any time, without notice and for any reason.
3. All contents of the Kenergy web site are the property of Kenergy. The information and materials on this site are provided to users for personal and informational purposes only. The public or commercial use, display, reproduction, transmission or distribution of any information available through this web site without the prior written consent of Kenergy is strictly prohibited.
4. Any websites operated by Kenergy are available to entities and persons over the age of legal majority who can form legally binding agreement(s) under applicable law. If you do not qualify, you are not permitted to use this site.
5. You further agree that Kenergy, in its sole discretion, may terminate or suspend your use of the website, Kenergy systems, information, services and content at any time and for any or no reason, even if access and use continues to be allowed to others. Upon such suspension or termination, you must immediately (a) discontinue use of the Website, and (b) destroy any copies you have made of any portion of the content. Accessing the Website, the Kenergy systems, Information or Services after such termination, suspension, or discontinuation shall constitute an act of trespass. Further, you agree that Kenergy shall not be liable to you or any third party for any termination or suspension of your access to the website, the Kenergy systems, information and/or the services.
6. Kenergy may provide links to other internet sites, solely as a convenience to the persons visiting this web site. If you visit these sites, you may be asked to provide nonpublic personal information (some of which may be shared with Kenergy). Please be aware that Kenergy is not responsible for the privacy practices of those sites. Kenergy suggests that, if you visit other web sites through www.kenergycorp.com, you read the privacy policies of each site that you visit, as it may differ from Kenergy's whose privacy policy applies solely to its web site. Kenergy is not obligated to review, does not control and is not responsible for any such third party website or the content therein. Any links supplied by Kenergy do not constitute an endorsement or representations about any third party websites. The visitation and use of these websites is done entirely at your own risk.

7. Unless specifically authorized by Kenergy, the use of "deep links", i.e. creating links to this site that bypass the home page or other parts of the site, is strictly prohibited. You may not mirror or frame the home page or any other pages of this site on any other web site or web page.
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15. Any information or material submitted to Kenergy via this web site is the exclusive property of Kenergy. Kenergy may use, reproduce, display and transmit such information for any purpose without restriction, limitation or compensation to the person sending the information, except as outlined in our privacy policy and internet security statement.
16. These legal terms and conditions of use shall be governed and interpreted by the laws of the State of Kentucky, United States of America, notwithstanding any principles of conflicts of law. If at some time part of these terms and conditions are found to not be in compliance with other laws, regulations, etc., that part will be deemed severable and will not affect the enforcement or validity of the remaining provisions.
17. THE KENERGY WEBSITES ARE PROVIDED "AS IS" AND "WITH ALL FAULTS" AND THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE KENERGY WEBSITES IS WITH YOU. SHOULD THE MATERIALS OR SERVICES PROVE DEFECTIVE, YOU, AND NOT KENERGY ASSUME THE ENTIRE COST OF ALL NECESSARY SERVICING AND REPAIR. KENERGY EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE KENERGY WEBSITES (INCLUDING, BUT NOT LIMITED TO, AND IMPLIED OR STATUTORY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE OR PURPOSE, TITLE, AND NONFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, KENERGY MAKES NO WARRANTY THAT THE KENERGY WEBSITES MEETS YOUR REQUIREMENTS OR THAT THE KENERGY WEBSITES WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE OR THAT DEFECTS IN THE KENERGY WEBSITES WILL BE CORRECTED. KENERGY MAKES NO WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE KENERGY WEBSITES OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH THE KENERGY WEBSITES. NO ADVICE OR

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18. Please be aware that Kenergy may periodically revise or update this internet security statement. If we do so, we will post a notice on our home page notifying users that this statement has been revised. If you are not comfortable with the policies described in this statement, we ask that you discontinue use of our site.

J. How to Contact Kenergy

1. Questions relating to this policy should be forwarded to Kenergy Corp. Mail to: Attn: Billing Department, P.O. box 18, Henderson Ky. 42419, email to: info@kenergycorp.com, or call: 1-800-844-4832.

III. Responsibility

- A. The Board of Directors of Kenergy shall ensure that this policy reflects current practices for personal information about member-owner's.
- B. The Board of Directors of Kenergy has the right to vote to authorize other uses and disclosures of information, subject to applicable laws, rules, and regulations.
- C. The President and CEO of Kenergy shall ensure that this policy is adhered to.

President & CEO

Approval Date

Revised:

**Kenergy Response
Customer Education
Administrative Case No. 2012-00428**

Member Education

Kenergy believes member education about the benefits of smart technology is critical to gaining member acceptance and use of this technology. The following is a list of pre- and post-deployment communication strategies Kenergy used to educate its members about a new digital metering system.

Pre-deployment communication

- Announced the digital meter project in its member newsletter;
- CEO announced the digital meter project at the co-op's Annual Meeting;
- Sent informational postcards to every member;
- Posted an FAQ, daily meter installation report, photos of routers and collectors, and vendor vehicle identification information on the co-op's website;
- Posted photos of routers and collectors and vendor vehicles on social media;
- Hung door hangers on knobs at homes and businesses during meter change-out;
- Distributed fliers to walk-ins;
- Wrote letters to members who expressed concern about new technology;
- Selected and trained personnel to handle digital meter calls.

Post-deployment communication

- Will explain benefits of new technology in member newsletters;
- Will explain benefits of new technology at Member Advisory Council meetings;
- Will discuss new digital meters at Annual Meetings;
- Will post information on Kenergy website, including an FAQ;
- Will use social media to link members to information on Kenergy's website.

Topics to include but not be limited to:

- Cost effectiveness of new metering system;
- Privacy of member information;
- Radio-frequency emissions;
- Benefits of digital meters:
 - Enhanced billing dispute resolution,
 - Helping members understand their energy usage,
 - Early notification of outages,
 - Improved meter-reading accuracy,
 - Reduces the co-op's need to go on member property.

**Kenergy Response
Cyber Security
Administrative Case No. 2012-00428**

Kenergy has long viewed Cyber Security and the protection of Member data as a critical component of our day to day operations. Our Cyber Security program is comprised of many different areas and methods to deter, detect, and mitigate exposure and protect Member data and corporate control and computing systems.

Kenergy has had "Best Practice" cyber security and operational policies and procedures in place since 2005. Kenergy volunteered and participated in the Kentucky Public Service Commission sponsored Guernsey Cyber Security Risk Assessment & Risk Mitigation Plan Review conducted in 2013. Findings from that study placed Kenergy among the best evaluated in all categories. As a result of that review, the Kentucky Association of Electric Cooperatives formed an Information Technology Association of which Kenergy IT management served as the initial Vice President, and now acting President of that Association. The IT Association formed a special subcommittee of the group to draft Policy and Procedures to address each area of evaluation by the Guernsey study. This work culminated in the delivery of a Cyber Security program proposal which included sample Best Practice Policy, a Cyber Security Awareness Training program, Critical Security Controls examples, Cyber Security Procurement language for control systems, and a proposal for a cooperative Cyber Security Assessment program among the cooperatives.

Kenergy has fully adopted the draft policies, has implemented the Cyber Security Awareness training program, and has incorporated the procurement language and questionnaire for purchases, as proposed by the committee. Additionally, Kenergy contracts with cyber security vendors on a regular basis to conduct Cyber Vulnerability Assessment testing and Penetration testing. These assessments have been ongoing on a regular basis since 2003 with the most recent assessment completed in 2015. Additionally Kenergy has worked to achieve PCI-DSS compliance which was also achieved in 2015. These are not shelf reports, but rather, any recommendations made by the vendors are acted upon to ensure Kenergy's Cyber Security program responds to identified issues.

**Kenergy Response
Smart Grid Investments
Administrative Case No. 2012-00428**

This document will summarize Kenergy's internal procedures related to smart grid investments.

Present Technologies

Every facet of distribution system planning includes an analysis of current and anticipated use of technology to accomplish corporate performance goals. Success is measured in terms of reliability of the electric system under all conditions.

The traditional tools of engineering analysis through periodic construction work plans (CWP), each guided by a long range planning guide (LRPG), are supplemented by input from multiple technologies. Kenergy has a substation level supervisory control and data acquisition (SCADA) system that continually reports the status of targeted equipment and is integrated with an outage management system (OMS). In addition, the installation of an automated metering infrastructure (AMI) is scheduled for completion in the summer of 2016. That system incorporates a meter data management system (MDMS), providing meter data input that can be scaled for various levels of analysis.

Guidance for all distribution plant investments including Smart Grid

Kenergy has developed and continually maintains a Technology Strategy Plan, which is a guideline for all new investments in technological deployment. All departments are involved in assessing anticipated cost and benefit of new applications and of the ones being replaced or upgraded. A consensus business plan with measurable results proving the viability for the cooperative members' benefit is required before an investment is made.

The criteria used for investments that can or will be in a smart grid environment include identified needs for reliability improvement, analysis of best practices by current users, scalability, integration with other applications and cost to own. Additional factors may be involved based on initial findings.

Kenergy's investments are based on design criteria, reviewed and approved by the cooperative Board, the cooperative lender, the Rural Utilities Service (RUS) and are subject to review and approval by the Kentucky Public Service Commission.