

June 10, 2016

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PUBLIC SERVICE  
COMMISSION

Mr. Aaron Greenwell  
Acting Executive Director  
Kentucky Public Service Commission  
P O Box 615  
Frankfort, KY 40602

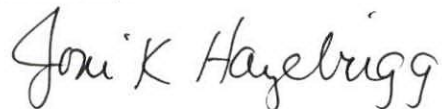
RE: Case No. 2012-00428

Dear Mr. Greenwell:

Enclosed are an original and three (3) copies of Fleming-Mason Energy Cooperative, Inc.'s response to the Order issued April 13, 2016 on the above referenced case.

If you need additional information, please contact the office.

Sincerely,



Joni K. Hazelrigg  
President & CEO

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONSIDERATION OF THE IMPLEMENTATION )  
OF SMART GRID AND SMART METER )  
TECHNOLOGIES )

CASE NO. 2012-00428

FLEMING-MASON ENERGY COOPERATIVE, INC.'S RESPONSE TO  
ORDER DATED APRIL 13, 2016

4. Request:

Within 60 days of the date of this Order, the Joint Utilities shall file with the Commission their internal procedures governing customer privacy and customer education.

Response:

Please see attached the following Fleming-Mason Energy approved policies:

Policy No. 601	Information and Cyber Security
Policy No. 605	Identity Theft Prevention Program
Policy No. 401	Member Education and Communication Policy

**Fleming-Mason Energy Cooperative, Inc.**

**POLICY NO. 601**

**INFORMATION AND CYBER SECURITY**

**I. OBJECTIVES**

- A. Fleming-Mason Energy Directors recognize the need to protect Fleming-Mason, our members, and both cooperative and member data, and systems, from growing information and cybersecurity threats. This policy establishes an Information & Cyber Security Program within Fleming-Mason Energy to ensure adequate measures are taken and controls are in place to mitigate threats and protect those company resources.
- B. The purpose of this policy is to ensure that Fleming-Mason Energy technology assets are protected against all internal, external, deliberate and accidental threats. Information, in all its forms, written, spoken, recorded electronically or printed, will be protected from accidental or intentional unauthorized modification, or destruction throughout its life cycle. Policies and Procedures are established and shall be administered to protect cooperative technology systems and data, member financial and protected information, and cooperative data acquisition and control systems across the enterprise.

**II. SCOPE**

All employees, contractors, consultants, temporary and other workers at Fleming-Mason Energy must adhere to all policies and procedures authorized and approved under this program. This applies to cooperative data sets and technology equipment that is owned, operated, or leased by Fleming-Mason Energy. The equipment, software, and storage medium used to process, store, and transmit information will be protected by appropriate controls.

**III. CONTENT**

- A. The policies and procedures will ensure that:
  - 1. Sensitive, protected, and/or privileged Information and technology systems will be safeguarded against any unauthorized access;
  - 2. Confidentiality of sensitive, protected, and/or privileged information will be assured;
  - 3. Integrity of information will be maintained;
  - 4. Availability of information for business purposes will be maintained;
  - 5. Legislative and regulatory requirements will be met;
  - 6. Business continuity and disaster recovery plans will be developed, maintained and tested annually.

**Fleming-Mason Energy Cooperative, Inc.**

**POLICY NO. 605**

**IDENTITY THEFT PREVENTION PROGRAM**

**I. OBJECTIVE**

The goal of this policy is to prevent identity theft. Fleming-Mason Energy Cooperative, Inc. recognizes the responsibility to safeguard personal member information within the workplace. The purpose of this policy is to create an Identity Theft Prevention Program utilizing guides set forth in the FACT Act (2003).

**II. SCOPE**

This policy applies to management and all personnel of Fleming-Mason Energy Cooperative, Inc.

**III. RESPONSIBILITY**

Fleming-Mason Energy Cooperative, Inc. must protect member data and implement policies and procedures that meet standards established by the Federal Trade Commission.

**IV. DEFINITIONS**

*Identity Theft* - Financial identity theft occurs when someone uses another member's personal information (name, social security number, etc.) with the intent of conducting multiple transactions to commit fraud that results in substantial harm or inconvenience to the victim. This fraudulent activity may include opening deposit accounts with counterfeit checks, establishing credit card accounts, establishing line of credit, or gaining access to the victim's accounts with the intent of depleting the balances.

*Red Flag* – A pattern, particular specific activity that indicates the possible risk of identity theft.

**V. PROCEDURES**

- A. Fleming-Mason Energy Cooperative, Inc. has developed an Identity Theft Program designed to detect, prevent and mitigate theft in connection with the opening or maintaining of any covered account. This program is consistent with the utility's mission to provide safe and reliable service at the lowest possible cost. *See Appendix I*
- B. Oversight of third party providers will assure that they also comply with the program.
- C. A privacy committee was formed with representation from key areas including: Management, Finance, Information Technology, and Member Accounting. It shall be the Privacy Officer's responsibility to maintain appropriate documentation of all meetings of the privacy committee. *See Appendix II*
- D. Detailed documentation will be maintained by the Privacy Officer containing all pertinent information concerning Fleming-Mason's identity theft protection program, training, incident reports, etc.
- E. When a member suspects Identity Theft, he/she must notify Fleming-Mason in writing, filling out the appropriate form (*See Appendix III*). Under the FACT Act, identity theft victims are entitled to a copy of the application or other business transaction records relating to their identity theft free of

# Fleming-Mason Energy Cooperative, Inc.

## APPENDIX I

Fleming-Mason Energy Cooperative, Inc. has developed the following procedures designed to detect, prevent and mitigate identity theft in connection with the opening of a covered account or any existing covered account. All procedures represent a typical but not absolute response. Each situation can and will have circumstances, which will be affected by a number of variables.

### The steps in establishing electrical service for a member:

1. New service will be provided ONLY when identity of the member can be verified. New members must provide identification to Fleming-Mason's designated employees which establish identity. The accepted documents have been defined by the FACT Act (2003) and acknowledged and accepted by the Identity Theft Prevention Program Committee of Fleming-Mason Energy Cooperative, Inc.
2. Fleming-Mason will establish an online verification process which validates the social security number presented by the new member. The online verification process is provided by Online Utility Exchange. The designated employee will enter the prospective member's social security number into the online verification system. In moments, the system will detect fraud, alerts, active duty alerts, and confirm credit for the new member. The applicant may be required to also present valid government issued photo identification as proof of identity.
3. In the event a new member cannot come in to the office to apply for new service, the social security number must be provided to the designated employee. The designated employee will verify the social security number in the online verification system. The online verification system also allows the designated employee to view previous address/addresses for the potential new member as a secondary verification tool as needed.
4. In the event a new member refuses to give Fleming-Mason his/her social security number, the member must come to the office with only one document as listed below in Section 1. Otherwise, two forms of identity must be presented from the documents in Section 2:

#### SECTION 1:

- a. U.S. Passport
- b. Permanent Resident Card

#### SECTION 2:

- a. Driver's license or ID card issued by a state provided it contains photo or info such as name, date of birth, gender, height, eye color and address.
- b. Original or certified copy of birth certificate
- c. U.S. social security card
- d. U.S. Military card

**Fleming-Mason Energy Cooperative, Inc.**

**APPENDIX II**

Identity Theft Prevention Protection Committee:

On May 19, 2016, the Privacy Committee was revised under the leadership of Joni Hazelrigg, Chief Executive Officer.

Representation from key areas:

Joni Hazelrigg – Chief Executive Officer  
Jennifer McRoberts – Office Manager  
Pamela McFarland – Member Accounting Supervisor  
Timothy Pease – Manager of Information Technology

The Committee members appointed Jennifer McRoberts as the Company's Privacy Officer on May 19, 2016.

The Privacy Officer functions as the head of committee. He/she reports to the Chief Executive Officer regarding the outcomes and needs of the identity theft prevention program.

POLICY 401

MEMBER EDUCATION AND COMMUNICATION POLICY

I. OBJECTIVE

To fulfill our mission, Fleming-Mason Energy Cooperative, Inc. ("Fleming-Mason") is committed to educate members and the public with knowledge and tools to safely and efficiently use energy to enhance their quality of life.

II. CONTENT

A. Educational Content

Basic information is provided to members, our communities and the general public, in each of the following areas, with the understanding that changing dynamics within our industry may expand or alter topics in each area and the topics listed in this policy are not all inclusive:

1. Organizational Data
  - a. History
  - b. Vision and mission statements
  - c. Rules and regulations
  - d. Financial facts and documents
  - e. Board of director's information
  - f. Management team information
2. Electrical Safety
  - a. Power line safety for employees, members and public
  - b. Storm safety
  - c. Safety demonstrations for schools and emergency response personnel
  - d. Children's safety
  - e. Seasonal and routine safety tips
  - f. Safety during an outage
  - g. Safety apparel and practices of line technicians
  - h. Right-of-way safety
  - i. Safety events and pictures
3. Utility Services
  - a. Available rates/tariffs
  - b. Payment options
  - c. Member billing options; budget billing, Prepay Service, etc.
  - d. Payment arrangements
  - e. Construction diagrams and specifications
  - f. Net Metering information
  - g. Notification of planned outages
  - h. Updates on service interruptions
  - i. Member assistance agencies
  - j. Fuel cost and environmental surcharge information
  - k. After-hours answering service
  - l. Outage reporting
4. Energy Efficiency
  - a. Energy efficiency programs and rebates
  - b. Contact information for member assistance



5. Request:


Within 60 days of the date of this Order, the Joint Utilities shall certify to the Commission that they have developed internal cybersecurity procedures.

Response:

**CERTIFICATION:**

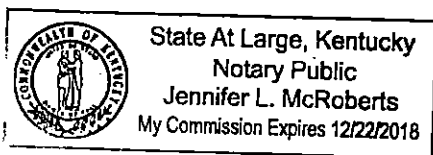
I, Joni K. Hazelrigg, President and CEO of Fleming-Mason Energy Cooperative, Inc., do hereby certify that Fleming-Mason Energy has developed policies and procedures addressing internal cybersecurity.

It is the goal of Fleming-Mason Energy to stay informed and up-to-date on cybersecurity best practices and continuously monitor and update policies and procedures as necessary to protect its members, employees and the public.

  
\_\_\_\_\_  
Joni K. Hazelrigg, President & CEO

Subscribed, sworn to, and acknowledged before me by Joni Hazelrigg, President & CEO, of Fleming-Mason Energy Cooperative, Inc., on behalf of said Corporation this 10<sup>th</sup> day of June, 2016.

  
\_\_\_\_\_  
Notary Public, State-At-Large



My Commission expires 12/22/18

10. Request:

Within 60 days of the date of this Order, the jurisdictional electric utilities shall file with the Commission their internal procedures regarding Smart Grid investments.

Response:

System Description:

Fleming-Mason Energy is a rural electric cooperative headquartered at 1449 Elizaville Rd, Flemingsburg, KY. Fleming-Mason serves portions of the following eight (8) counties: Bath, Bracken, Fleming, Lewis, Mason, Nicholas, Robertson and Rowan. Fleming-Mason is currently billing over 24,000 meters which includes residential, commercial and large industrial loads.

Fleming-Mason filed for a CPCN with the Kentucky Public Service Commission on August 1, 2012 to install a two-way communicating Advanced Metering Infrastructure (AMI) system. The Commission approved the CPCN on October 11, 2012 (reference Case No. 2012-00361). Prior to this time, Fleming-Mason was reading meters by contract labor each month.

Fleming-Mason successfully implemented the AMI system over a two year period ending in May, 2015. The new AMI system has allowed for the following improvements:

- Implementation of a Meter Data Management (MDM) system that allows FME employees and members through an on-line application to view kWh usage daily.
- Implementation of Pre-Pay Program.
- Increased billing accuracy.
- Increased outage notification and restoration time.
- Safer working environment for employees via remote connect/disconnect.

### Planning Goals

Investments in Smart Grid components must be consistent with our mission to provide safe, reliable and cost-effective energy service.

At this time, Fleming-Mason Energy has no immediate plans for any further substantial investments in Smart Grid components.

### How Investments Will Be Considered

Investment in new smart grid technology will be made when it makes prudent economic sense for Fleming-Mason Energy's members.

In the April 13, 2016 order from the Commission relating to PSC Case No. 2012-00428, on page 11 is the following statement.

"In support of our decision, the Commission notes the steps the distribution cooperatives take in developing their Construction Work Plans ("CWPs"). The CWPs set forth straightforward design criteria and explain the basis of each project."

Fleming-Mason Energy concurs with this statement by the Commission.