

POLK-BURNETT ELECTRIC COOPERATIVE

Policy No.: **BD-27**

Subject: **Records Management**

Objective: 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.

Policy: 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. A log or other documentation of records destruction may be created to track compliance and assist in evaluating the effectiveness of this policy. 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 general manager/CEO. The format of the hold notification is shown in the appendix to this policy.

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, (*i.e.* hard drive) off-site and/or in cloud based servers accessed through the Internet and are a source for disaster recovery.

Distributed Data/Records: Mostly active data that is living on portable media or “non-local” devices (*i.e.* mobile devices, 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, mobile devices, hard drives, flash drives, and tablets.

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, audio 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.).

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 general manager/CEO and the IT manager shall be the designated Records Custodians and 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. *Retention of E-mail*

Pertinent cooperative e-mails shall be indexed in the cooperative’s document imaging software. E-mails will be deleted from Microsoft Outlook in 24 months from the date of the e-mail.

D. *Destruction of Records & Other Information*

Unless a legal hold is in effect, destruction of records shall occur within one (1) month after the time period stated in the schedule has been met. Other information should be discarded as soon as 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, burning, 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 (*i.e.* mobile devices, memory sticks, CDs, floppy disks, etc.)
- Erasing or recycling of magnetic tapes

E. *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

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- 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 the cooperative receives any such complaint, request, subpoena or inquiry, it shall be immediately submitted to the general manager/CEO, an employee's direct supervisor, or department head, as the case may be. Following such submission, the general manager/CEO and the system counsel shall determine whether the need to preserve records exists. If such a need is determined to exist, then system counsel will issue a legal hold notification in the form appended to this policy.

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 record sources that only contain records or other information redundant to that which is being maintained as active or archived data, will be over-written or purged in accordance with the cooperative's regular back-up policy/practice.

If a computer or peripheral device (*i.e* mobile device/tablet, external disk drive, etc.) has stored on it records or other information subject to the legal hold, then any scheduled replacement of that computer or device must be suspended until the stored materials on such computer or device are copied to a secure medium before the computer or device is taken out of service. Such steps must be documented (*in a hardware replacement, IT maintenance, or other log*) noting the dates of such copying and the equipment replacement, the person responsible for the copying and replacement, and the location of the copied materials.

F. Compliance & Questions

Every director and employee of the cooperative is required to comply with this policy. Training will be provided to ensure that everyone subject to the policy is familiar with its provisions and understands the specific responsibilities and tasks associated with carrying out the policy. Periodic compliance audits and testing of retention, legal hold, and destruction procedures will be undertaken at the direction and supervision of the general manager/CEO and IT manager who together shall make periodic reports to the board of directors regarding overall compliance.

Questions about this policy should be directed to the cooperative's records custodians.

G. Reporting of Suspected Noncompliance

Should any employee, director or agent of Polk-Burnett Electric Cooperative become aware of information indicating that a person responsible for the retention or destruction of records is not in compliance with this policy, such information shall be promptly reported to cooperative's records custodians, the general manager/CEO, IT manager, immediate supervisor or department head as the case may be.

This policy is effective as of July 27, 2009. A review of this policy will take place at least every three (3) years.

Edward O. Gullickson, President
September 26, 2022

Appendix I

Item/Description	Retention Period
Corporate & General	
1. Annual reports or statements to stockholders	Permanent
2. Organizational documents:	
(a) Minute books of stockholders', directors', and directors' committee meetings	Permanent
(b) Titles, licenses: Copies of subsidiary real estate titles and all wholly-owned subsidiary records	Permanent
3. Contracts, including amendments and agreements (except contracts provided for elsewhere):	
(a) Service contracts, such as for management, accounting and financial services.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
(b) Contracts with others for transmission or the purchase, sale or interchange of product.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
(c) Memoranda essential to clarifying or explaining provisions of contracts listed above, including requests for discounts.	For the same periods as contracts to which they relate.
(d) Card or book records of contracts, leases, and agreements made, showing dates of expirations and of renewals, memoranda of receipts and payments under such contracts	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 (such as reports of public accounting firms and commission accountants)	Permanent
(b) Internal audit reports and working papers	7 years after the date of the report.
Information Technology Management	
5. Automatic data processing records (retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule): Software program documentation and revisions thereto	3 years, or until upgrade.
General Accounting Records	
6. General and subsidiary ledgers:	
(a) Ledgers:	
(i) General ledgers	Permanent
(ii) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere	10 years. Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter.
(b) Indexes:	
(i) Indexes to general ledgers	Current year plus 5 years
(ii) Indexes to subsidiary ledgers except ledgers provided for elsewhere.	Current year plus 5 years
(c) Trial balance sheets of general and subsidiary ledgers	2 years
7. Journals: General and subsidiary	25 years
8. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries	10 years
(b) Analyses, summarization, distributions, and other computations which support journal vouchers and journal	10 years

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entries.	
(i) Charging plant accounts	25 years
(ii) Charging all other accounts	7 years
9. Cash books: General and subsidiary or auxiliary books	7 years after close of fiscal year
10. Voucher registers: Voucher registers or similar records when used as a source document.	7 years
11. Vouchers:	
(a) Paid and canceled vouchers (one copy-analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers)	7 years
(b) Original bills and invoices for materials, services, etc. paid by vouchers	7 years
(c) Paid checks and receipts for payments of specific vouchers	7 years
(d) Authorization for the payment of specific vouchers	7 years
(e) List of unaudited bills (accounts payable), list of vouchers transmitted and memoranda regarding changes in audited bills.	Destroy at option
(f) Voucher indexes	Destroy at option
Insurance	
12. Insurance records:	
(a) Records of insurance policies in force, showing coverage, premiums paid and expiration dates.	Life plus 3 years
(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	7 years
Operations and Maintenance	
13. Distribution	
(a) Transformer history records	Life
(b) Records of transformer inspections, oil tests, etc.	Destroy at option
14. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred	5 years
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance and other work pertaining to utility operations	5 years
(c) Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts)	5 years
Plant and Depreciation	
15. Plant ledgers:	
(a) Ledgers of utility plant accounts including land and other detailed ledgers showing the cost of utility plant by classes	25 years
(b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc. of physical units (or items) of utility plant owned.	25 years
16. Construction work in process ledgers, work orders and supplemental records:	
(a) Construction work in progress ledgers	5 years after clearance to plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(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 addition as and the entries closing the work orders to utility plant in service at completion	5 years after clearance to plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.

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(c) Authorizations for expenditures for addition as to utility plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations)	5 years after clearance to plant account except where there are ongoing commission proceedings.
(d) Requisitions and registers of authorizations for utility plant expenditures	5 years after clearance to plant account except where there are ongoing commission proceedings.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions.	5 years after clearance to plant RUS/FERC account except where there are ongoing Commission proceedings.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of main-hours etc., in connection with completed construction project	5 years after clearance to plant account except where there are ongoing commission proceedings.
(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.	Destroy at option
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	5 years after plant is retired.
(b) Authorizations for retirement of utility plant, including memoranda showing the basis for determination to be retired and estimates of salvage and removal costs.	5 years after plant is retired.
(c) Registers of retirement work	5 years.
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.	5 years.
19. Appraisals and valuations	
(a) Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies (includes all records essential thereto)	3 years after appraisal.
(b) Determinations of amounts by which properties or investments of the company or any of its associated companies will be either written up or written down as a results of:	10 years after completion of transaction or as ordered by the Commission.
(i) Mergers or acquisitions	
(ii) Asset impairments	10 years after recognition of asset impairment.
(iii) Other bases	10 years after the asset was written up or down.
20. The original or reproduction of engineering records, drawings, and other supporting data for proposed or as-constructed utility facilities: Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records or engineering studies and similar records showing the location of proposed or as-constructed facilities	Retain until retired.
21. Contracts relating to utility plant:	
(a) Contracts relating to acquisition or sale of plant	6 years after plant is retired or sold.
(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)	6 years after plant is retired.

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22. 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.
23. 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	Retain until retirement.
(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	Retain until retirement.
Purchase and Stores	
24. Material ledgers: Ledger sheets of materials and supplies received, issued and on hand	6 years after the date of the records/ledgers were created.
25. Materials and supplies received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods	6 years.
26. Records of sales of scrap and materials and supplies:	
(a) Authorization for sale of scrap materials and supplies	3 years.
(b) Contracts for sale of scrap materials and supplies	3 years.
Revenue Accounting and Collecting	
27. Customer's service applications and contracts: Contracts, including amendments for extensions of service, for which contributions are made by customers and others.	Permanent.
28. Rate schedules: General files of published rate sheets and schedules of utility service. Including schedules suspended or superseded	6 years after published rate sheets and schedules are superseded or no longer used to charge for utility service
29. Maximum demand, and demand meter record cards	1 year, except where the basic chart information is transferred to another record the charts need only be retained 6 months, provided the basic data is retained 1 year.
30. Revenue summaries: Summaries of monthly operating revenues according to classes of service. Including summaries of forfeited discounts and penalties.	7 years
Tax	
31. 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. See Subsection 11(b) for vouchers evidencing disbursements:	
(i) Income tax returns	Permanent
(ii) Property tax returns	Permanent
(iii) Sales and other use taxes	Permanent
(iv) Other taxes	Permanent
(v) Agreements between associate companies as to allocation of consolidated income taxes	Permanent
(vi) Schedule of allocation of consolidated Federal income taxes among associate companies	Permanent
(b) Filings with taxing authorities to qualify employee benefit plans	Permanent
(c) Information returns and reports to taxing authorities	Permanent
Miscellaneous	
32. Statistics: Financial, operating and statistical reports used for internal administrative or operating purposes	5 years.
33. Budgets and other forecasts (prepared for internal administrative or operating purposes) or estimated future income, receipts and	3 years.

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expenditures in connection with financing, construction and operations, including acquisitions and disposals of properties or investments	
34. Records of predecessor companies	Retain consistent with the requirements for the same types of records of the utility.
35. Reports to Federal and State regulatory commissions including annual financial, operating and statistical reports	5 years.
36. 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.
37. Applications and correspondence from Scholarship and Operation Round-Up programs	2 years
38. Benefit plans	Permanent.
39. Employee files (ex-employees)	3 years.
40. Employment applications	1 year.
41. Employment taxes	7 years.
42. Payroll: records, distribution reports, registers, wage changes, position changes, deductions	7 years.
43. Pension plans	Permanent.
44. RUS – reporting information on grants–financial receipts, statistics	7 years
45. OSHA-annual summaries, injuries and illnesses, any supplemental records	7 years
46. DOT	
(a) Inspection forms and Vehicle Repair Records	90 days
(b) Vehicle Maintenance records	Life of vehicle ownership
(c) Controlled Substance and Alcohol Record	
(i.) Records of driver testing .02 or greater	5 years
(ii.) Records of driver with verified positive controlled substance test	5 years
(iii.) Documentation of refusal to test	5 years
(iv.) Driver evaluations and refusals	5 years
(iv.) Copies of annual calendar year summary (usually handled by the consortium)	5 years
(vi.) Records related to alcohol and controlled substance collection process	2 years
(vii.) Records of negative testing	1 year
(viii.) Records regarding education and training on controlled substances and alcohol	Indefinite
(ix.) Accident Records	Maintain Accident Register for minimum of one year following date of accident. Includes state and local reports, insurance investigation.

Appendix II

Sample Form of Legal Hold Notification

URGENT NOTICE

TO: *Name all persons identified as likely to have relevant records including the designated Records Custodian or Coordinator*
FROM: System Counsel
DATE:
RE: **Your Obligation to Preserve Records & Other Information**

The event/circumstance described below has triggered an obligation to preserve records and other information. Your assistance is necessary and required for the preservation of Cooperative's records and other information to fulfill the Cooperative's legal obligations and/or to preserve the Cooperative's rights.

Failure to fully comply with this directive could result in harm or penalties against the Cooperative; therefore, employees could be subject to discipline, up to and including termination of employment, for failure to follow the directives in this notice.

Event or Circumstance Triggering the Need to Preserve Records (*Description of lawsuit, investigation, occurrence, etc. If litigation, describe specific claims involved.*)

Types of Records & Other Information to be Preserved : All paper and electronic records and other information that could be relevant to the above described event or circumstance must be preserved – that is, retained and not deleted – including, without limitation: (*Tailor description as needed to specific trigger event – such as, documents (including drafts & revisions), spreadsheets (including drafts and revisions), emails (sent & received), databases, calendars, presentations, image files, maps, voice messages, data generated based on Internet activity (cookies, cache, history files), computer usage logs, etc.*)

When potentially relevant records or other information exist on multiple platforms or media, for example: a file on a desktop computer, on a laptop computer, on a mobile device, on a portable storage medium such as a CD-ROM, and a paper copy, every copy must be preserved.

Any routine or planned destruction of these types of records or data that you are aware of and can control (e.g. a user's personal email setting to automatically delete messages older than a certain date) must be suspended for the period of this hold.

Time Period: All of the above described records and other information currently in your possession or under your control must be preserved from this point forward until you are notified that this hold is lifted.

Verification of Preservation: (*Describe the actual steps that a recipient of this notice must take to verify preservation. Different types of records or information may require different preservation methods, e.g. certain electronic files may be subject to automatic purging that requires an override or programming change.*)

Contact Person(s): If you have questions regarding this notice, or are aware of any other persons not listed as recipients of this notice –including retired employees, contractors, consultants or others– who should receive this notice, please direct all such questions and information to the cooperative's records custodians who are the General Manager/CEO and the IS Director.

Reminders: Reminders will be sent to you periodically during the course of this (*litigation, investigation, audit, matter*) to ensure that you continue to preserve relevant information and to inform you of any change as the matter progresses that would affect your preservation obligations. Such a change could include a change in scope that could add additional categories of records or other information for preservation or may require you to take additional preservation or verification steps.