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July 29, 2009

PSC STAFF OPINION 2009-010

Ms. Nina McCormack
Mountain Association for Community Economic Development
433 Chestnut Street
Berea, Kentucky 40403

Re: On-Bill Financing for Energy Efficiency Measures

Dear Ms. McCormack:

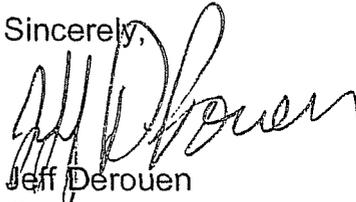
Commission Staff acknowledges receipt of your letter of July 7, 2009, in which you request an opinion "whether it is permissible under Kentucky law to 'attach' energy efficiency investments to the customer's electric meter." According to your letter, East Kentucky Power Cooperative, Inc. ("EKPC"), along with some of its distribution cooperatives and Mountain Association for Community Economic Development, are in the process of considering and developing a pilot program for "on-bill financing of energy efficiency retrofits in east Kentucky using a tariffed approach that invests these retrofits in a customer's meters...." The letter further states that "[o]n-bill financing allows customers to pay for their own energy efficiency retrofits from energy savings on their own bills; in effect, customers view this approach as self-financing of the energy efficiency retrofit." The letter provides no specific details regarding a tariff-based on-bill financing program other than stating that the program is still under development.

Based upon its review of Kentucky statutes and regulations, as well as case law, Commission Staff is of the opinion that a tariff-based approach to on-bill financing would not be in contravention of Kentucky law.

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This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Quang D. Nguyen, Staff Attorney, at (502) 564-3940, extension 256.

Sincerely,



Jeff Derouen
Executive Director

QN/ew