

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR APPROVAL)	CASE NO.
OF A PREPAY METERING PILOT PROGRAM)	2011-00141
TARIFF)	

COMMISSION STAFF'S INITIAL INFORMATION REQUEST TO
NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

Pursuant to 807 KAR 5:001, Nolin Rural Electric Cooperative Corporation ("Nolin") is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before May 16, 2011. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Nolin shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Nolin fails or

refuses to furnish all or part of the requested information, Nolin shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Nolin's application and page 2 of Appendix A to Commission Staff's First Data Request in Case No. 2010-00210,¹ the June 2010 edition of the "Energy at Work" newsletter published by the Department of Energy Development and Independence ("DEDI"), a copy of which is attached hereto as Appendix A, which states:

Nolin RECC - \$100,000. Nolin RECC will use Recovery funds to implement a prepaid electric meter program that is designed to give customers control of their energy usage, reduce security deposits, eliminate reconnection charges, and reduce energy consumption.

a. Is the grant referred to in the June 2010 "Energy at Work" newsletter the same grant which Nolin references at page 2 of its application?

b. When did Nolin receive notice that it had been awarded the \$100,000 DEDI grant?

c. When did Nolin receive information from DEDI that it must "comply[] with certain terms of [the] grant [by] approximately June 15, 2011," in order to remain eligible for the \$100,000 grant?

¹ Case No. 2010-00210, Tariff Filing of Jackson Energy Cooperative to Establish Prepaid Electric Service (Ky. PSC Nov. 30, 2010).

2. Refer to page 2 of Nolin's application, which states, in pertinent part, "[i]t is the understanding of the APPLICANT that such a deviation has previously been approved in PSC case #2010-00210 involving the tariff filing of Jackson Energy Cooperative ["Jackson Energy"] to establish prepaid electric service."

a. State when Nolin became aware of Jackson Energy's application in Case No. 2010-00210.

b. State whether Nolin wants its voluntary prepay electric service program ("Prepay Program"), for which it filed its application in this matter, to be identical to the voluntary prepaid electric service program approved in Case No. 2010-00210 for Jackson Energy.

c. If no, describe how Nolin's proposed Prepaid Program will differ from Jackson Energy's program, if the Commission approves Nolin's program as proposed.

3. Refer to paragraph 4 of the application. Explain why Nolin is proposing to limit the Prepay Program to 300 customers and how long it anticipates it will take to reach the proposed participation level.

4. Refer to paragraph 5 of the application in which Nolin states that it has received a \$100,000 grant to partially fund the Prepay Program and that the deadline for complying with certain terms of the grant is approximately June 15, 2011.

a. Explain why June 15, 2011 is an approximate date. Is the specific deadline known? If yes, provide the date. If no, explain.

b. Nolin states that the grant money is to partially fund the Prepay Program. Provide a detailed breakdown of the total cost of the program.

c. Provide a copy of the grant documents which shows all terms, conditions and deadline dates applicable to the grant.

d. State whether Nolin has started the process necessary for receiving a deadline extension.

e. Describe the ramifications if the Commission does not approve the program by the June 15, 2011 deadline. Include in the response whether that date can be extended, whether Nolin has received the grant money, the amount of the grant money that has been spent to date, if Nolin will be required to return the grant money if the deadline is not met, and whether Nolin intends to proceed with the Prepay Program if it is unable to obtain the grant money or is required to return it.

5. Refer to Exhibit A of the application.

a. The Rates section states that, in addition to the customer charge, Prepay Program customers will incur an additional fee of 17 cents per day. Provide the supporting cost justification for this charge.

b. Refer to the Terms and Conditions section, paragraph 1 which states that the term of the Prepay Electric Service agreement is for one year. State whether participants can withdraw from the program at any time within the one year term and whether they will be charged a penalty or fee to withdraw.

c. Paragraphs 2 and 3 under the Terms and Conditions section state that customers may apply funds as often as they choose by mail, by phone with a credit card, by utilizing Nolin's website, or in person during regular business hours.

(1) State whether Prepay Program customers will incur a fee each time they deposit money into their account. If yes, provide the amount of the fee and the cost justification supporting the fee.

(2) State whether making a payment via telephone is automated or requires the use of a customer service representative.

(3) State whether a transaction fee will apply to the use of a heating assistance voucher.

d. Refer to the Terms and Conditions section, paragraph 8. This paragraph states that if a customer's account has been disconnected for non-payment and the customer chooses the Prepay Program when reconnecting, the customer will be subject to a prepayment plan in which future payments are divided 50 percent to the unpaid debt and 50 percent to daily usage on the account. Explain whether Nolin's customer billing system is capable of handling this type of payment allocation.

e. Refer to the Terms and Conditions section, paragraph 10, which states that if a meter reading is not available, the account will not be billed until a reading is available.

(1) Describe the type of meter that will be required for a customer to participate in the Prepay Program and why a meter reading might not be available. Include in the response whether Nolin has Automated Meter Reading ("AMR") meters, if the AMR meters are capable of functioning as Automated Metering Infrastructure ("AMI") meters and if any additional hardware or network upgrades will be necessary in order for the meters to function as AMI meters.

(2) State whether Nolin will need to purchase remote reconnect/disconnect collars for the Prepay Program participants or if they are currently installed on all meters.

(3) Provide a list of any additional software or network upgrades that would be necessary for the billing and administration of the Prepay Program and the costs of such upgrades.

f. Refer to the Terms and Conditions section, paragraph 13 which states that if a Member allows his or her Prepay Program account to be disconnected two or more times in a 12 month period the Member will be required to pay a deposit if the account is removed from the Prepay Program. State whether the Member will be automatically moved to a post-pay account or if it will be the option of the Member to revert to a post-pay account.

g. Refer to the Terms and Conditions section, paragraph 17 which states that Prepay Program customers are not eligible for a Winter Hardship Reconnect, Certificate of Need, or Medical Certificate as set out in 807 KAR 5:006, Sections 13, 14, and 15. Explain why Nolin has requested a deviation from the requirements of 807 KAR 5:006, Section 14 but has not requested a deviation from the requirements of 807 KAR 5:006, Sections 13 or 15.

6. Provide proposed tariff pages for the Prepay Program.

7. Explain how a Prepay customer will be able to monitor usage. Include in the response whether an in-home display will be installed and how a customer will be alerted when funds are nearly depleted.

8. Explain how Nolin is planning to inform its customers of the Prepay Program. Include copies of any educational and training materials such as flyers, pamphlets or posters Nolin will be using.


Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED: MAY 06 2011

cc: Parties of Record

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00141 DATED **MAY 06 2011**

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00210 DATED JUL 15 2010

Energy at Work

A Monthly Review of Recovery Programs Working for Kentuckians



KENTUCKY <small>AT WORK</small>	Kentucky Energy & Environment Cabinet
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Save Energy Now workshops conclude



Panelists discuss implementation strategies for energy management plans with participants (L-R) Rebecca Cash and Bob Miles (KPPC), John LeFevre (DEDI), Gary Sarter (Sherwin-Williams), and Richard Meisenhelder (KPPC).

The last in a series of Save Energy Now workshops hosted by the Kentucky Pollution Prevention Center took place at the National Corvette Museum in Bowling Green on June 16th

Through a partnership with the Department for Energy Development and Independence (DEDI) and U.S. Department of Energy, the Kentucky Pollution Prevention Center (KPPC) at the University of Louisville hosted a total of four Save Energy Now workshops. KPPC staff hosted free workshops in Louisville, Erlanger, Richmond, and Bowling Green in order to recruit industrial and commercial facilities for the Environmental Sustainability

Program. These workshops mark the launch of expanded services that will allow KPPC to support clients through the development of self-sustaining energy-savings programs. Sessions were conducted by KPPC engineers and specialists in the energy field, and guest speakers included representatives from DEDI, regional utilities and consultants.

The ultimate goal of the program is to help industrial and manufacturing facilities reduce their energy use by 2.5 percent per year for 10 years

The workshops recruited a total of 11 companies to commit to the program, which will help them to conduct an energy audit, build an energy management plan, and offer guidance with its implementation.

The workshops are part of KPPC's Environmental Sustainability Program, in which KPPC engineers provide customized services, help clients lower operating costs by eliminating waste at its source, and address energy and water efficiency issues, as well as a variety of other environmental challenges. The Center offers on-site assessments and opportunity identification, training, workshops and webinars.

Recovery funding helps City of Leitchfield turn waste into energy

At a celebration of the 40th anniversary of the Bel Cheese facility, representatives from the Department for Energy Development and Independence (DEDI) and the Department for Local Government (DLG) joined officials from Grayson County, the City of Leitchfield, and executives from Bel Brands USA (producers of Laughing Cow cheese) to announce funding that will help make infrastructure improvements to the city's municipal natural gas lines that will support installation of an anaerobic digester at the facility.

Through a partnership between DEDI and DLG, the City of Leitchfield and Grayson County will use Recovery funds from the U.S. Department of Energy, for gas system design and installation of gas valves and lines for the conveyance of methane gas for municipal use. The company, as part of its expansion, will purchase an anaerobic digester, which will convert the facility's waste into methane gas.

The funding will be utilized to establish an infrastructure improvement plan for water, sewer, and gas lines that supply residential, commercial, governmental and industrial buildings. Bel Cheese will be able to expand its production without putting extra strain on the treatment center and will utilize the energy from the methane produced. The plant will switch from fuel oil to the digester-created methane gas, lowering greenhouse gas and other air pollution emissions.

Funds for the new infrastructure come from a special Energy Efficiency and Conservation Block Grant.



Harry Carver (DLG) announces Recovery Act funding that will benefit the Bel Cheese facility, Grayson County and the City of Leitchfield, KY. Also pictured: (L-R) Francine Moudry, Director of Operations for Leitchfield Bel Cheese facility, and Leitchfield Mayor William Thomason.

National Energy Education Development Project (NEED) Awards Ceremony

Three of Kentucky's most outstanding NEED projects became winners at the national level. They were recognized in Washington, DC on June 28, 2010 at the Yates Auditorium, Department of Interior. Only 12 schools in the country received national awards.

Summit View Elementary (Independence, KY) named National Elementary Level Rookie School of the Year

The school's Energy Wise team spent time with middle school and high school students to build their knowledge about energy. With that foundation they set goals to make staff and students aware of their energy use through a number of activities. As a team they organized energy assemblies, the school's first science expo, hosted a "plant-a-garden," had a green week and did audits to see what classrooms could be the most energy wise. Together they educated students, parents, and the community about how to go green at home and at school.

Bullitt Lick Middle School (Shepherdsville, KY) named National Junior Level School of the Year

The BLMS NEED Team began by learning the NEED Science of Energy experiments in order to serve as student facilitators at a NEED Educator Workshop, where they taught the activities to 60 adults. They also worked with small teacher groups modeling Electrolysis and Methane Steam Reforming from NEED's H2 Educate. They went on to teach two other workshops, including one held for their district. At their district-wide workshop they reached 10 teachers and 68 students who plan to start NEED Teams at their schools. The team is now serving as the NEED Team trainers for their district. Altogether they reached 120 teachers this year who, in turn, will reach thousands of students.

Energy Technology Career Academy (Columbia, KY) named National Senior Level Rookie School of the Year

Students from Adair and Russell County High Schools, in partnership with Lindsay Wilson College, built and installed solar panels for under \$100. College faculty and high schools spent the year teaching peers the science and technology of solar energy and taught them how to build their own solar unit. The students soldered wires, laid circuitry and assembled the pieces in order to create their own photovoltaic cells. Professional contractors came in and taught the students how to mount the panels on the roof of both high schools.

Congratulations to Kentucky NEED teams for a job well done!

Smart Grid Projects

In late 2009, the Department for Energy Development and Independence (DEDI) issued a request for proposals from electricity distributors for the deployment and demonstration of smart grid technologies. The total award amount of more than \$2.6 million was funded through American Recovery and Reinvestment Act dollars from the U.S. Department of Energy. The purpose of the grant is to accelerate the modernization of electric energy delivery in Kentucky. In the spring DEDI chose six projects that best fit the criteria. Their descriptions are below.

Warren County RECC — \$950,000

Warren County RECC will use Recovery funds to install and upgrade communications equipment, including 14 miles of fiber optic cable throughout its distribution system, to enable the operation of advanced meter infrastructure which will allow customers to see their own real-time energy usage from an in-home display as well as reduce the number of times utility staff will have to visit customer homes, thus reducing cost and energy used by the utility.

Blue Grass Energy — \$330,700

Blue Grass Energy will use Recovery funds to install Distribution Automation and to install in-home displays on a pilot basis. This system will cut electric losses and improve reliability through adaptive recloser controls, optimizing feeder voltage profiles during normal operation conditions and reducing load demand through voltage optimization. The project will increase customer awareness of energy usage by enabling them to monitor and control their total energy consumption.

Shelby Energy Cooperative — \$264,000

Shelby Energy Cooperative (SEC) will use Recovery funds to install Distribution Automation equipment to its system, that includes Conservation Voltage Reduction that will lower energy losses and peak demands by lowering the voltages during critical times at peak points in the system. SEC will also install automated reclosers to improve reliability to customers as well as installing equipment to integrate a 3 kW photovoltaic cell into its distribution system.

Hickman-Fulton RECC — \$168,000

Hickman-Fulton RECC will install 200 smart meters capable of recording and transferring demand side end-use data back to a central office server. The information will allow the utility to be better prepared for more efficient retail rate and pricing designs as wholesale power providers move toward more time-dependent demand and charge structure. Fifty prepaid meters will also be installed that will allow customers to monitor and control their own energy consumption, reduce security deposits, eliminate reconnection charges, and reduce energy consumption.

Owen Electric Cooperative — \$119,250

Owen Electric Cooperative will create two energy efficiency programs with Recovery funding. It will create the Penn Station Self-healing Project, which will be a self-healing distribution system for its Penn Substation in Scott County, by the installation of voltage regulators, switches, controllers, monitors, and communications equipment. The Coop will also establish a voluntary peak load reduction program called 'Beat the Peak' that will give customers in-home devices that alert them when systems are operating at 'peak' condition.

Nolin RECC — \$100,000

Nolin RECC will use Recovery funds to implement a prepaid electric meter program that is designed to give customers control of their energy usage, reduce security deposits, eliminate reconnection charges, and reduce energy consumption.

...Continued page 4

Upcoming Recovery Act Events

School Energy Managers Project Orientation
July 7-9, Lexington

Kentucky Home Performance Kick-off
July 22, Lexington

**KENTUCKY
AT WORK**

Faces of the Recovery Act

Putting People to Work

Cheryl Eakle, Kentucky Pollution Prevention Center

Cheryl Eakle joined KPPC's staff in March 2010 as an engineer with the Center's Environmental Sustainability Program. She provides energy efficiency and other technical assistance to Kentucky industrial, commercial and institutional clients, conducting on-site assessments as well as trainings and workshops

She has more than 20 years of experience in chemical manufacturing, capital deployment and process design. Prior to joining KPPC, she was a process engineer for Rohm and Haas Chemicals. The company was bought by Dow Chemicals in 2009, resulting in the elimination of a number of jobs, including Cheryl's. The jobs created at KPPC through ARRA funding put engineers like Cheryl back to work, which she says has been a godsend. She received her bachelor's degree in chemical engineering, and her master's degree in engineering, from the J.B. Speed School of Engineering at the University of Louisville

"As a free, confidential and non-regulatory resource for private sector industries, KPPC lets me work with clients in a true partnership," said Cheryl. "I enjoy using my experience in industry to identify opportunities for clients to improve energy efficiency."



Cheryl Eakle, KPPC

Martha Casher, Kentucky School Boards Association

The Kentucky School Boards Association (KSBA) welcomed Martha Casher to its School Energy Managers Project (SEMP) at the end of March 2010. As the Project Coordinator for SEMP, Martha collaborates with school districts and assists with the employment, training, coaching and the establishment, monitoring and evaluation of performance goals of the assigned energy managers.

Martha's career in energy management began with Kentucky Utilities as a home energy advisor. After six years in residential energy management, she then spent next 16 years in Human Resources. Through downsizing Martha had the opportunity to leave KU, and taught school full-time for six years. Martha earned a bachelor's degree in Vocational Home Economics from Murray State University and a Fifth-year Certificate in Learning and Behavior Disorders from the University of Kentucky.

"This opportunity has joined my two careers, and is truly putting all my skills to work for a critical need in our state – educating our kids, which is still my passion," said Martha. "SEMP is a project that will cost school districts few actual dollars, but the potential for significant savings is great. I'm thrilled they may have the opportunity to use this to further educate our kids!"



Martha Casher, KSBA

Glenda Cole, Department for Energy Development and Independence

Glenda Cole came to the Department for Energy Development and Independence (DEDI) in June of 2009. Glenda's major role at DEDI is fiscal management of American Recovery and Reinvestment Act funded programs that deal with energy efficiency and conservation. This includes assisting federal grant sub-recipients in developing budgets to support funded activities and proper documentation of expenses incurred to ensure reimbursement, as well as providing assistance in applying for other federal grant monies.

Before coming to DEDI, Glenda had retired from more than 20 years of public service in state government, performing fiscal duties for the Kentucky Department of Agriculture in her last position. Glenda brings vast experience with fiscal management and public policy to DEDI and her expertise is one of the Department's vital assets

"Before coming to DEDI, I didn't realize the alternatives available to build more energy efficient homes, reduce electricity usage, and the possibility for use of biomass, solar and wind generation of power," said Glenda. "Each of us can do something to conserve energy and it makes me feel good to be a small part of making the world a better place for future generations. I am also encouraged by the early energy efficiency education of our elementary school students as to how they can positively impact the environment and prepare to be good stewards of available resources. The students' enthusiasm is contagious and gives me hope that the future of our environment will be in good hands!"



Glenda Cole, DEDI

Kentucky Energy & Environment Cabinet
 Department for Energy Development and Independence

Smart Grid Projects Continued...

Jackson Energy Cooperative — \$100,000

Like the Nolin RECC project, Jackson Energy Cooperative will also use Recovery funds to implement a pre-pay electric meter program that is designed to give customers control of their energy usage, reduce security deposits, eliminate reconnection charges, and reduce energy consumption. Jackson Energy Cooperative will plan for, deploy and analyze the effectiveness of pre-pay electric meters for reference in future projects.

Each of the Smart Grid projects are aimed at achieving goals set by Governor Steve Beshear's *Intelligent Energy Choices for Kentucky's Future: Kentucky's 7-Point Energy Strategy*, which includes job creation, carbon dioxide emissions reduction, renewable energy generation deployment, and increased energy efficiency. For more information please visit www.energy.ky.gov.

Kentuckians Saving Energy

Kentucky Energy Efficient Appliance Rebate Program Projected Energy Savings for State

April 22, 2010—June 10, 2010

By the end of June, 15,547 rebates were given to Kentucky residents for the purchase of ENERGY STAR labeled appliances. The chart below gives a projection of the energy that will be saved in Kentucky during the lifetime of these appliances. Currently, there remains more than \$1.5 million in unclaimed rebate funds available to Kentuckians. To find out more and to apply for a rebate, please go to www.kyappliancerebates.com.

ENERGY STAR Appliances Purchased	Total Expected Lifetime Savings (Btus)	Total Expected Lifetime Savings (lbs of CO2)
Clothes Washer	13,193,690,301	6,351,484
Dishwashers	3,343,070,149	1,646,773
Refrigerators	10,747,800,000	6,658,072
Freezers	1,351,152,000	837,015
Room Air Conditioners	6,172,705,892	3,823,882
Water Heater—Gas Tankless	79,407,000,000	1,678,405
Electric Heat Pump Water Heaters	204,361,740,000	126,598,480
Gas Storage Water Heaters	36,874,500,000	779,407
Solar Water Heaters	106,573,740,000	27,047,307
Central Air Conditioners	19,655,414,997	12,176,182
Air Source Heat Pumps	60,505,458,041	37,482,060
Geothermal Heat Pumps	*	*
Gas Furnaces	261,726,092,554	5,532,035
Gas Boilers	22,516,141,786	475,918
Total	997,302,934,828	240,651,109

*Information not available



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Visit our website:
www.energy.ky.gov

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