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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

September 24, 2010

PARTIES OF RECORD

Re: Case No. 2010-00089

Joint Application of Big Sandy Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Grayson Rural Electric Cooperative Corporation, and Jackson Energy Cooperative for an Order Approving an On-Bill Financing Pilot Program Titled "KY Energy Retrofit Rider"

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Quang Nguyen, Staff Attorney, at 502/564-3940, Extension 256.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director


QN/kar

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Quang D. Nguyen, Staff Attorney 

DATE: September 24, 2010

RE: Case No. 2010-00089
Joint Application of Big Sandy Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Grayson Rural Electric Cooperative Corporation, and Jackson Energy Cooperative for an Order Approving an On-Bill Financing Pilot Program Titled "KY Energy Retrofit Rider"

Pursuant to the Commission Staff's notice of September 19, 2010, an informal conference was held at the Commission's offices on September 21, 2010. A list of the attendees is attached hereto.

The purpose of the informal conference was to discuss and clarify certain issues raised as a result of the comments filed by the parties and any other remaining outstanding issues relating to the application. Regarding the availability of extended warranties under the pilot program, the joint applicants state that information concerning extended warranties will be provided fully to customers prior to the execution of customer agreements, and that the extended warranties would be from the manufacturer and based on the manufacturer's cost. Joint applicants and MACED also confirmed that the tariff rider provides that out of warranty repair costs may be rolled into the retrofit charge and the initial term of the retrofit investment agreement may be extended to recover such costs. Joint applicants further confirmed that bad debts associated with the pilot program will not be charged to rate base, but informed that the utilities did not have any unregulated subsidiaries which could be held responsible for such bad debts.

Concerning weatherization for mobile homes, Joint Applicants informed that, depending upon its age and condition, customers living in mobile homes could be eligible for duct work and high efficiency heat pumps under the on-bill financing program. In addition, joint applicants noted that they would partner with mobile home manufacturers to promote new higher energy efficient mobile homes.

Commission Staff expressed concerns regarding the impact of the filing of a UCC fixture lien on a customer's property rights particularly how such a lien would impact the customer's ability to sell the residence. Joint Applicants and MACED advised that the UCC fixture lien would be for notification purposes only to inform potential buyers of any

potential outstanding financing obligation related to energy efficient measures implemented in the residence.

Joint Applicants agreed to provide information concerning actual audits conducted by the utilities and incorporating the information contained in those audits to reflect how the on-bill financing would be applied. Joint applicants further agreed to provide information concerning how energy assistance payments, i.e., funds from Low Income Home Energy Assistance Program or from a community action agency, would apply to customers who are on the on-bill financing program. Joint Applicants agreed to provide such information by September 30, 2010.

There being no further discussions, the informal conference was adjourned.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CASE NO. 2010-00089

JOINT APPLICATION OF BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION, FLEMING-MASON ENERGY COOPERATIVE, INC., GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION, AND JACKSON ENERGY COOPERATIVE FOR AN ORDER APPROVING AN ON-BILL FINANCING PILOT PROGRAM TITLED THE "KY ENERGY RETROFIT RIDER"

SIGN IN

September 21, 2010

PERSON

REPRESENTING

<u>Quang D. Nguyen</u>	<u>PSC - Legal</u>
<u>Daryl Nowly</u>	<u>PSC - Legal</u>
<u>Don Combs</u>	<u>GRAYSON RECC</u>
<u>Ginny Smith</u>	<u>PSC - Consumer Services</u>
<u>Nina McCormack</u>	<u>MACED -</u>
<u>Eli Russell</u>	<u>PSC</u>
<u>Mary Beth Nance</u>	<u>FME</u>
<u>Warren Keener</u>	<u>JACKSON ENERGY</u>
<u>MARK KEENE</u>	<u>JACKSON ENERGY</u>
<u>Paul Adams</u>	<u>Attorney General</u>
<u>Ron Handziah</u>	<u>PSC - FA</u>
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