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PUBLIC SERVICE  
COMMISSION

July 10, 2013

Jeff Derouen, Executive Director  
Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

RE: Response to Case No. 2012-00484

Mr. Derouen:

Jackson Energy offers this response to your July 3, 2013 inquiry regarding Case No. 2012-00484 which is a joint filing by Big Sandy Rural Electric Cooperative ("Big Sandy"), Fleming-Mason Energy Cooperative, Inc. ("Fleming-Mason"), and Grayson Rural Electric Cooperative Corporation ("Grayson RECC") requesting a permanent on-bill financing program for their cooperatives.

**1. Why Jackson Energy chose not to participate in Case No. 2012-00484.**

At the time of the permanent filing, Jackson Energy had concerns about the potential of default on loans associated with the How\$martKY (on-bill financing pilot) program and the absence of any mitigation plan to recover defaulted loan amounts. We are now aware that the administrative entity, MACED, and the above mentioned Cooperatives have addressed this concern with a definitive mitigation plan in the present filing before the Commission. Additionally, Jackson Energy has not experienced any defaults or delinquent payments to date.

Jackson Energy personnel participated in the pilot program from its inception and as with all new programs, there was a very steep learning curve for our personnel resulting in a substantial use of human resources necessary to support the administration of the How\$martKY program. Jackson Energy understands that the administrative entity, MACED, has modified the process to provide greater efficiencies including providing additional resources for field qualifying potential applicants.

Additional concerns by Jackson Energy included the length of loans, the potential for transfer or sale of properties used for securing loans, maintaining accurate accounting records for audit purposes, and the unfamiliarity associated with qualifying the future financial viability of loan applications.

The value attributable to the customers who were recipients of such loans has never been in question. The concept of achieving a more energy efficient dwelling with no increase in real time electric billing for the period of the loan and the future expectation of a reduced electric bill is sound and in our opinion, worthy of continued implementation. At the time of the permanent filing, Jackson Energy was in the process of a change in management. The new management team of Jackson Energy is presently reviewing the potential of continuing our association with HowSmartKY (on-bill financing) contingent upon the Public Service Commission's approval of the permanent filing.

**2. The number of Jackson Energy participants in the on-bill financing pilot program.**

Jackson Energy has had 51 participants and 47 of those are presently active participants. Two loans transferred to spouses after the death of the original loan recipient and two of the original loans have been repaid in full.

**3. The number of Jackson Energy on-bill financing accounts that are currently in default, are inactive, or are otherwise not current in on-bill financing payments.**

There are no inactive loan recipient service points. There have been no accounts in default. All accounts are current in on-bill financing payments.

**4. The numbers of complaints, if any, Jackson Energy has received as a result of the on-bill financing pilot program and the resolution of those complaints.**

Jackson Energy has received no formal complaints from any on-bill financing pilot program participants.

If you have further questions, please do not hesitate to contact me.

Sincerely,



Carol Wright, President & CEO

Cc: Parties of record  
Clayton Oswald