

# Goss ■ Samford PLLC



Attorneys at Law

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PUBLIC SERVICE  
COMMISSION

November 4, 2014

*VIA HAND DELIVERY*

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Re: PSC Case No. 2014-00363

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC"), to the Staff's Request for Information in the Appendix to an Order dated October 21, 2014.

Very truly yours,

David S. Samford

Enclosures

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

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**PUBLIC SERVICE  
COMMISSION**

**In the Matter of:**

**TARIFF FILING OF EAST KENTUCKY POWER  
COOPERATIVE, INC. FOR APPROVAL OF A  
NEW DEMAND-SIDE MANAGEMENT PROGRAM  
FOR ENERGY STAR APPLIANCES AND  
FOR APPLIANCE RECYCLING**

)  
)  
)

**CASE NO.  
2014-00363**

**RESPONSES TO COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION  
TO EAST KENTUCKY POWER COOPERATIVE, INC.,  
DATED OCTOBER 21, 2014**

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2014-00363**

**PUBLIC SERVICE COMMISSION REQUEST DATED 10/21/14**

East Kentucky Power Cooperative, Inc. ("EKPC") hereby submits responses to the information requests contained in the Appendix to the Order of the Public Service Commission ("PSC") in this case dated October 21, 2014. Each response with its associated supportive reference materials is individually tabbed.

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

<b>TARIFF FILING OF EAST KENTUCKY POWER</b>	)	
<b>COOPERATIVE, INC. FOR APPROVAL OF A</b>	)	<b>CASE NO.</b>
<b>NEW DEMAND-SIDE MANAGEMENT PROGRAM</b>	)	<b>2014-00363</b>
<b>FOR ENERGY STAR APPLIANCES AND</b>	)	
<b>FOR APPLIANCE RECYCLING</b>	)	

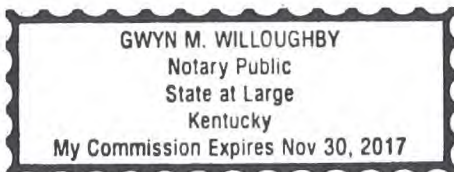
**CERTIFICATE**

**STATE OF KENTUCKY** )  
  )  
**COUNTY OF CLARK**     )

Scott Drake, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's Initial Request for Information in the above-referenced case dated October 21, 2014, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
\_\_\_\_\_

Subscribed and sworn before me on this 4<sup>th</sup> day of November 2014.



  
\_\_\_\_\_  
Notary Public



**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2014-00363**  
**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 10/21/14**  
**REQUEST 1**

**RESPONSIBLE PARTY:**           **Scott Drake**

**Request 1.**           Refer to the proposed ESA tariff — Payments and Assumptions pages under rebates. Explain why the EKPC Payment to Owner-Member in the Payments portion of the Tariff is different from the Assumptions — Rebates — EK to Co-op.

**Response 1.**           The values found in the Assumptions sheets (Rebates – EK to Co-op) are the correct values. The values found in the Payments portion of the Tariff are not correct. Those values came from an earlier version of the program design where the Owner-Members were administering the program rather than a third party. These old values were uniformly higher than the current values because they included compensating the Owner-Members for these administrative costs. Please see pages 2 through 4 of 4 of this response for copies of the corrected tariff sheets.

EAST KENTUCKY POWER COOPERATIVE, INC.

**Section DSM – 9**  
**ENERGY STAR® Appliances Program**

(N)

**Purpose**

The ENERGY STAR® Appliances Program offers an incentive (rebate) for reducing the energy consumed by household appliances. The end-use cooperative member (“end-use member”) may qualify for this incentive by purchasing an ENERGY STAR® qualifying appliance type listed in this tariff.

**Availability**

This program is available in all service territories of the owner-member cooperatives (“owner-members”) of EKPC.

**Eligibility**

This program is targeted to new single or multi-family homes, existing single or multi-family homes or manufactured homes purchasing ENERGY STAR® appliances. Eligibility requirements are detailed below and are available at each participating owner-member’s office and on the owner-member’s website.

- Product must be certified by EPA as an ENERGY STAR® Appliance. Eligible models can be found on [www.ENERGYSTAR.GOV](http://www.ENERGYSTAR.GOV).
- Product must be purchased after November 3, 2014.
- Rebate application must be completed and original receipt or copy must be provided for verification.
- Receipt must include the following information:
  - Retailer’s Name
  - Itemized listing of product(s), including description(s), manufacturer(s), model number(s) or other identifying information. The receipt information must match the product information from the rebate application.
  - Purchase price and proof that full payment was made
  - Purchase date and date of delivery or installment (if installed by a contractor)
  - For new construction, an owner-member energy advisor (“energy advisor”) may enter the rebate application on behalf of the end-use member. For an application entered by the energy advisor, the application must be accompanied by a picture of the appliance model number and serial number. Rebate applications for new constructions, without a receipt, will only be accepted through an energy advisor.

DATE OF ISSUE October 3, 2014  
Month / Date / Year

DATE EFFECTIVE Service Rendered on or after November 4, 2014  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President and Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2014-00363 dated November 3, 2014.



EAST KENTUCKY POWER COOPERATIVE, INC.

**Section DSM – 9 continued**

(N)

Refrigerators & Freezers

- Refrigerators must be greater than 7.75 cubic feet in capacity.
- End-use members may apply for one ENERGY STAR® certified refrigerator and one ENERGY STAR® certified freezer rebate per calendar year per member metered account. A maximum of two rebates within this appliance category (Refrigerators and Freezers) will be allowed per metered account.

Dishwashers

- End-use members may apply for one ENERGY STAR® certified dishwasher rebate per premise/location calendar year. A maximum of two rebates within this appliance category (Dishwashers) will be allowed per premise/location.

Clothes Washers

- End-use members may apply for one ENERGY STAR® certified clothes washer rebate per calendar year per metered account. A maximum of two rebates within this appliance category (Clothes Washers) will be allowed per metered account.

Heat Pump Water Heaters

- End-use members may apply for two ENERGY STAR® certified heat pump water heater rebates per calendar year per premise/location. A maximum of four rebates within this appliance category (Heat Pump Water Heaters) will be allowed per premise/location.

Air Conditioners and Heat Pumps

- Rebate application must be completed, signed and returned with an original or copy of the receipt and the AHRI certificate obtained from the HVAC installer.
  - AHRI certificate must list model numbers for the condenser unit (outside unit) and evaporator coil (indoor unit).
- End-use members may apply for up to three ENERGY STAR® certified heat pump or air conditioner rebates per calendar year per premise/location. A maximum of six (6) rebates within this appliance category (Air Conditioners and Heat Pumps) will be allowed per premise/location.

**Landlord/Tenant Relationships:**

Notwithstanding the forgoing, a landlord who rents to a tenant who is an end-use member of an EKPC owner-member shall also be eligible to participate in the ESAP program regardless of whether said landlord is also an end-use member of an EKPC owner-member. A landlord may be eligible for the same number of incentives per calendar year as a metered tenant end-use member.

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**Section DSM – 9 continued**

(N)

**Payments**

Residential end-use members will receive an incentive from their owner-member for installing ENERGY STAR® certified appliances, while owner-members will receive a transfer payment from EKPC to cover the rebate to end-use members and any lost revenue as a result of implementing the program:

Appliance	Rebate to End-Use Member	EKPC Payment to Owner-Member
Refrigerator	\$100	\$115.00
Freezer	\$50	\$60.00
Dishwasher	\$50	\$60.00
Clothes Washer	\$75	\$130.00
Heat Pump Water Heater	\$300	\$685.00
Air Source Heat Pump	\$300	\$675.00
Air Conditioner (Central)	\$300	\$400.00

**Term**

The program is an ongoing program.

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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President and Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2014-00363 dated November 3, 2014.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2014-00363**  
**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 10/21/14**  
**REQUEST 2**

**RESPONSIBLE PARTY: Scott Drake**

**Request 2.** Refer to the proposed ESA tariff — Assumption pages under Lifetime of savings in years versus number of years of net lost revenues. Explain the difference and how the number of years of lost revenues were determined.

**Response 2.** The lifetime of savings in years represents the number of years that a particular energy efficiency measure will continue to produce kWh and kW savings. The number of years of net lost revenues is one of several parameters to the calculation of the EKPC Payment to the Owner-Member. While both are measured in years, these two parameters are different from one another. The first parameter, the lifetime of savings, is one factor that is considered when the second parameter, the number of years of net lost revenues, is determined.

Determining the number of years of net lost revenues to use in calculating the EKPC payment to the Owner-Members is a matter requiring judgment. Several factors are considered, including (1) the lifetime of the savings; (2) the relationship between energy savings and peak demand savings for the program; and (3) the Rate Impact Measurement (“RIM”) that

result from a given transfer payment. The goal is to provide a transfer payment that will produce an Owner-Member RIM as close to 1.0 as possible while maintaining some equity between EKPC and the Owner-Members in financial impact. The amount of the transfer payment is determined based upon the above-referenced factors and in consultation with the DSM steering committee made up of EKPC and Owner-Member staff.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2014-00363**

**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 10/21/14  
REQUEST 3**

**RESPONSIBLE PARTY: Scott Drake**

**Request 3.** Provide a copy of the RFP that was issued for the ARP tariff.

**Response 3.** Please see pages 2 through 40 of 40 of this response for a copy of the RFP.



**REQUEST FOR PROPOSAL**  
GENERAL SERVICES AGREEMENT FORM  
**Appliance Recycling and Energy Star  
Appliance Program**

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Issued:  
July 11, 2014

Proposal Due:  
12:00 Noon EST Friday August 22, 2014

TABLE OF CONTENTS

1. <i>PURPOSE</i>	3
2. <i>ABOUT US</i>	4
3. <i>EKPC CONTACT INFORMATION</i>	6
4. <i>RFP CONDITIONS</i>	7
5. <i>CONTRACTING TIMELINE</i>	8
6. <i>SCOPE OF WORK &amp; SPECIFICATIONS</i>	9
7. <i>STRUCTURE OF RESPONSE</i>	21
13) Executive Summary	21
14) Work Approach & Plan	21
15) Company Information	21
16) Company Qualification and Experience	21
17) Personnel Information	21
18) References	21
19) Exceptions to the RFP	22
20) Pricing Structure	22
<b>GENERAL SERVICE AGREEMENT TEMPLATE</b>	<b>23</b>

## **1. PURPOSE**

East Kentucky Power Cooperative (EKPC), a generation and transmission utility, is seeking proposals from qualified businesses to both manage and operate an Appliance Recycling Program designed to permanently remove inefficient appliances from the grid; as well as assist with the operation of the EKPC Energy Star Appliance Program.

## 2. ABOUT US

East Kentucky Power Cooperative, Inc. (“East Kentucky Power”, “EKPC”) is a generation and transmission cooperative (“G&T”) headquartered in Winchester, Kentucky, which owns and operates three coal-fired generation plants, nine combustion turbines and six landfill gas plants. In addition, EKPC also has rights to 170 megawatts of hydroelectric power from the Southeastern Power Administration. EKPC is regulated by the Kentucky Public Service Commission (PSC), and is an exempt organization under Section 501(c) (12) of the Internal Revenue Code.

The transmission system consists of 2,816 miles of transmission line and 448 transmission and distribution substations. EKPC generates and transmits electricity to 16 member rural electric distribution cooperatives that, in turn, supply energy to meters serving more than 524,700 homes, farms, and businesses in the eastern two-thirds of Kentucky. EKPC has interchange power transactions with all adjacent utilities in its service area.

During 2013, EKPC received regulatory approval for integration into PJM Interconnection LLC, a regional transmission organization. PJM coordinates and directs the operation of a regional transmission grid, administers a competitive wholesale electricity market and plans regional transmission expansion improvements for an area that includes 60 million people in all or portions of 13 states and the District of Columbia. Membership in PJM has allowed EKPC to mitigate market risk, ensure continued transmission reliability and provide access to a significantly larger power supply marketplace while offsetting rising costs to our members and increasing operating efficiencies. Integration was complete as of June 1, 2013.

For additional information, please visit our website at [www.ekpc.coop](http://www.ekpc.coop).

### East Kentucky Power Cooperative Generation Capacity

1	Spurlock	1,346 net MW
2	Dale	195 net MW
3	Smith Combustion Turbine Units	Summer 784 net MW Winter 1,032 net MW
4	Cooper	341 net MW
Landfill Gas Plants		
5	Bavarian	3.2 net MW
6	Laurel Ridge	3.2 net MW
7	Green Valley	2.4 net MW
8	Pearl Hollow	2.4 net MW
9	Pendleton	3.2 net MW
10	Mason	0.8 net MW
Southeastern Power Adm. (SEPA), hydro power		170 MW



EKPC operates to serve its 16 distribution cooperative owner-members:

- Big Sandy RECC
- Blue Grass Energy Cooperative
- Clark Energy Cooperative
- Cumberland Valley Electric
- Farmers RECC
- Fleming-Mason Energy Cooperative
- Grayson RECC
- Inter-County Energy
- Jackson Energy Cooperative
- Licking Valley RECC
- Nolin Electric
- Owen Electric Cooperative
- Salt River Electric Cooperative
- Shelby Energy Cooperative
- South Kentucky Rural Electric
- Taylor County Rural Electric



### 3. EKPC CONTACT INFORMATION

All questions and responses to this RFP must be emailed concurrently to all contacts listed below. Telephone and/or physical mail (if required) shall be addressed to the primary contact only.

No communication with any other EKPC employees related to this RFP is allowable during the solicitation period and until a contract is signed, unless specifically authorized in writing by the contacts listed below. The primary contact will coordinate internally with EKPC operations personnel to address any technical/ operational questions bidders might have.

Failure to comply with this requirement will result in disqualification of the respondent. The conduct of bidders during the RFP process will play a part in the evaluation.

**Primary Contact:**

For email, telephone and physical mail.

**Thip Hunt**  
Sourcing Agent  
East Kentucky Power Cooperative  
4775 Lexington Rd  
P.O. Box 707  
Winchester, KY 40392-0707  
[thip.hunt@ekpc.coop](mailto:thip.hunt@ekpc.coop)  
859 745-9395 Office  
859 737-6083 Fax

**Alternate Contacts:**

For email only.

**Barbara Riggs**  
Sourcing Agent  
East Kentucky Power Cooperative  
4775 Lexington Rd  
P.O. Box 707  
Winchester, KY 40392-0707  
[Barbara.riggs@ekpc.coop](mailto:Barbara.riggs@ekpc.coop)  
859 745-9405 Office  
859 737-6041 Fax

#### 4. RFP CONDITIONS

- 1) All information in this RFP is the intellectual property of EKPC and should be treated as such. In addition, the information contained in any resulting contract from this solicitation is regarded as confidential and is not to be disclosed beyond the parties directly involved without the express written consent of EKPC.
- 2) In protecting bidder's confidential or proprietary information, such information must be clearly marked as being confidential and proprietary.
- 3) EKPC's answers to a bidder's questions will be shared with all bidders as appropriate.
- 4) EKPC reserves the right to accept and/or reject any and all proposals. Bidder may not claim any indemnity, nor may bidder contest for whatever reason, the choice made by EKPC.
- 5) EKPC is not under any obligations to award a contract and reserves the right to terminate the Request for Proposal process at any time, and to withdraw from discussions with any or all of the bidders who have responded.
- 6) All proposals will be considered final. No additions, deletions, corrections or adjustments will be accepted after the proposal due date unless mutually agreed between the parties.
- 7) This RFP shall not be construed as an authorization to perform development work at the expense of EKPC. Any development work performed or any expenses made by a bidder in order to respond to this RFP will be at the discretion and sole responsibility of the bidder. EKPC will not reimburse any expenses incurred by the bidder as a result of the bidder's participation in this solicitation. This RFP does not represent a commitment to purchase.
- 8) Bidder's offer must be firm for a period of ninety (90) days from the date responses are due to EKPC. Price proposals should specify FOB terms and whether freight is added, allowed, or delivered. EKPC will be using a weighted method to evaluate proposals. In addition, EKPC reserves the right and flexibility to negotiate with multiple bidders to arrive at a mutually agreeable relationship. Furthermore, EKPC reserves the right to make an award in whole or in part to one or multiple bidders.
- 9) Bidder shall refrain from any publicity regarding this RFP or the contents thereof. Bidder shall not release any information to newspapers, magazines, journals or any other medium about the acceptance of the tender or the award of the contract without the prior written approval of EKPC.
- 10) The [General Services Agreement](#) (GSA) shown in Part II of this RFP will form the basis for doing business between EKPC and the winning bidder. This RFP and bidder's proposal will be included and made part of the resulting contract. A fully executed contract must be in place prior to commencement of any work. No obligations on the part of EKPC will be incurred until a satisfactory contract has been executed and accepted by both parties.
- 11) An authorized officer of the company submitting the proposal must sign all proposals.
- 12) Any conditions of this RFP, which cannot be fulfilled, are to be clearly stated in bidder's proposal.

## 5. CONTRACTING TIMELINE

#	Milestones	Dates
1.	Invitation to bid & issuance of RFP	Friday 7/11/2014
2.	Last date to submit written questions	Friday 7/18/2014
3.	EKPC responding to bidders' questions via Conference call - scheduled for Monday July 21, 2014 at 1:00 PM EST. Dial in: 1-877-597-2663 Conference ID: #8007282#	Monday 7/21/2014
4.	Proposals due to EKPC by 12:00 Noon EST. Please email your proposals in PDF format to the <a href="#">EKPC contacts</a> previously identified. No hard copies are required. Pricing must be in a separate document but sent under the same transmittal. Please use the following convention for naming document files: "Proposal - Xxxx - EKPC Appliance Recycling and Energy Star Programs" "Pricing - Xxxx - EKPC Appliance Recycling and Energy Star Programs", where Xxxx is bidder's company name	Friday 8/8/2014
5.	EKPC conducting proposal evaluations, checking references, and identifying finalists. During the evaluation period, bidder is asked to be readily available by phone for any needed follow-ups.	Week of 8/11/2014- 8/21/2014
6.	Contract Award	Friday 8/22/2014
7.	Contract Start - Pending PSC Approval	Wednesday 10/15/14
8.	Time will be set at a later time. EKPC to provide Contractor all items due per the RFP.	TBD
9.	Lessons learned. EKPC values continuous improvement and the winning bidder is expected to participate in activities for the mutual benefits of both parties. EKPC uses a closed loop supplier selection system that takes into consideration the supplier's prior EKPC performance for future work.	TBD



## 6. SCOPE OF WORK & SPECIFICATIONS

### 1. Definitions

#### 1.1.1. BIDDER

The term, BIDDER, refers to individuals or firms who respond to this RFP.

#### 1.1.2. CONTRACTOR

The term, CONTRACTOR, refers to individuals or firms hired by EKPC to operate and manage the Appliance Recycling Program (ARP).

#### 1.1.3. OWNER-MEMBER

The term Owner-member refers to a distribution cooperative utility within the EKPC service territory in the state of Kentucky.

#### 1.1.4. CUSTOMER

A customer resides within an owner-member's service area and is an end user and owner of a qualified appliance for recycling through the ARP.

#### 1.1.5 ARP

The Appliance Recycling Program (ARP) refers to the program sought throughout this RFP.

#### 1.1.6 ESAP

The Energy Star Appliance Program (ESAP) refers to the services sought from the CONTRACTOR in the RFP.

#### 1.1.7 EECP

The Energy Efficiency Collaboration Platform (EECP) refers to EKPC's DSM program tracking system.

### 1.2. ARP Objectives

The objective of the Appliance Recycling Program is to develop a campaign and program that effectively removes and responsibly recycles inefficient, working secondary refrigerator and freezer units from member-owner residential homes in order to achieve the goal of reducing energy use and power demand. The appliances that are collected as part of this promotion must be recycled in accordance to specified requirements (with any ozone depleting substances being captured and destroyed). Promotional incentives will be paid to participants or customers who are eligible for recycling their inefficient appliances.

### 2. Scope of Requirements

#### 2.1. Tasks Overview

ARP is designed to promote the retirement and recycling of inefficient appliances from Residential homes by offering a turn-in incentive for working equipment as well as information and education on the cost of keeping an inefficient unit in operation. It will also arrange, through a certified CONTRACTOR, the aforementioned removal and recycling of these units.

EKPC seeks a CONTRACTOR who will be responsible for the "turn-key" operation of a residential appliance recycling program which will include infrastructure development, promotion, physical collection, reporting/evaluation, quality assurance, etc. The following sections describe the core characteristics of the ARP program.

## 2.2. Project Start-up

The EKPC ARP requires a CONTRACTOR with a disciplined project and program management methodology. Some of the core elements in the program setup will include providing professional crews that can represent the ARP to customers, customer and unit verification process set up, incentive payment processes, and quality control. Some of the associated tasks include:

- 1) Project implementation planning and schedule tracking
- 2) Advising EKPC on program marketing and promotion including appropriate residential customer incentive levels and other ARP related energy savings opportunities
- 3) Working with the appliance recycling program manager and other Subcontractors; providing progress communications
- 4) EKPC may require flexibility to adjust incentive levels, eligible appliances, program outcomes, budgets, and etc.

## 2.3. Program Delivery

The CONTRACTOR will provide the facilities, equipment, and personnel to operate the program, which includes interacting directly with member-owner residential customers. CONTRACTOR delivery of ARP services includes the following main areas:

- Customer Service
- Specified assistance with Marketing and Advertising
- In-home Pick-up & Transportation
- Recycling
- Incentive processing and payment distribution
- Database management and reporting

Detailed description of program delivery requirements are below.

### 2.3.1. Customer Service

- 1) Integration of phone system with EKPC Toll Free number and development and maintenance of online pages linked from the owner-member websites for customer enrollment, appointment scheduling, and questions
  - a) All phone calls will be recorded and a sample emailed to EKPC weekly for review
- 2) Maintain a database to store and track interactions with the customers as well as detailed information about each appliance unit collected. For the proposal, please suggest critical metrics and how you propose to track along with critical milestones
- 3) Provide trained customer service staff for assisting customers with questions about the program, qualifying customers and facilitating participation
- 4) Verify that participant is a valid customer and qualify their appliance via EKPC's DSM program tracking system - Energy Efficiency Collaborative Platform (EECP). Contractor will be established as a trade ally in EECP giving the contractor access to verify program eligibility
- 5) Provide consistent and published call center hours of operation.
- 6) Schedule in-home appliance removal appointments. Offer choices of service dates, including Saturday, and early morning and late afternoon collection, handle reschedule and cancellation requests
- 7) Provide customers with information about preparing their appliance for removal:
  - Appliance must be empty, have a clear path for removal and be plugged in, working, and cooling at the time of pickup



- Appliance must be picked up from the premise address on the member's billing account.
  - If a driver discovers a non-working unit but has adequate space on the truck, the driver may choose to recycle up to (1) unit at no cost to the member. In this case, there will be no rebate because it is a non-working unit.
- 8) Provide customers with a day-ahead confirmation call and the driver provide customers with a call 30 minutes prior to pickup
  - 9) Provide customers with ability to cancel pick-up service up to 24 hours before scheduled time
  - 10) Produce written confirmation of appliance collection
  - 11) Fulfill incentive payments within (4) weeks after collection of the qualifying appliance. Incentive will have the logo of the appropriate owner-member cooperative and mailed to the address listed for the account in EECF
  - 12) Complaint handling and tracking

### **2.3.2. Marketing and Advertising**

The CONTRACTOR will be required to assist EKPC to execute promotional plans and to solicit residential customer participation. In addition, EKPC may hire marketing subcontractors in order to meet plan goals and it will be expected that the chosen ARP CONTRACTOR will work cooperatively with other parties to engage owner-member customers.

Cooperative marketing efforts may include PR event(s), website content, promotions, newspaper and TV advertising, truck signs, bill inserts, volunteer telemarketing, community outreach and point-of-sale materials at appliance retailers. CONTRACTOR must provide tracking of customer response to marketing initiatives.

### **2.3.3. General Administration & Management**

BIDDERS' general management methodologies will be a key factor in the selection criteria of this RFP and will include factors such as the following:

- 1) Financial management
- 2) Staffing and providing local jobs
- 3) Management information systems
- 4) Flexibility to adjust plans according to changing dynamics in the ARP
- 5) Management of implementation and operational milestones and schedules
- 6) Performance metrics and review processes

### **2.4. Subcontractors**

CONTRACTORS will be required to manage their subcontractors employed in the program through processes that include (but are not limited to): auditing work orders, monitoring customer satisfaction, and other QA/QC procedures.

EKPC's selection criteria emphasizes the creation of local jobs where possible and will look favorably on bids that seek to support local markets, local subcontractors and equipment suppliers.

### **2.5 Requirements and Expectations**

#### **2.5.1 Collect and Transport Refrigerators and Freezers**

The Contractor will provide the means to collect the refrigerators and/or freezers from the customer locations and transport them to the recycling location as needed.



Components of this service will include:

- Hire, screen, and train drivers and refrigerator collection staff (all drivers and collection staff require thorough background checks).
- Provide up-to-date collection vehicles, tools, and equipment necessary for safe and efficient removal.
- Deface/disable the appliance before transporting.
- Safely remove units from within the home.
- Enter unit into database reporting system.
- Record unit collection and secure customer acknowledgement of collection and disabling of the appliance through an agreement.
- Transport units to a licensed processing and recycling facility.

### 2.5.2 Recycle Refrigerators and Freezers

The Contractor will provide the means to completely, safely, and legally recycle all refrigerator and freezer components. EKPC is seeking to have retired refrigerators and freezers recycled such that materials are reclaimed and reused to the greatest degree possible and amounts of materials sent to landfills or incinerated are limited to the greatest extent. All greenhouse gases and ozone depleting substances should be captured and destroyed and other hazardous waste handled responsibly.

The recycling activities must include:

- Ensure the recycling facility is in compliance with all federal, state and local hazardous waste management and recycling regulations, including the federal Clean Air Act and Health and Safety Code (HSC).
- Recover, reclaim, and/or destroy all chlorofluorocarbon (CFC), hydro chlorofluorocarbon (HFC-134a), and non-CFC refrigerants in compliance with all applicable hazardous-waste regulations. Facilities with independent certification of 95% (CFC/HFC) capture are preferred.
- Recover and destroy all CFC-11 and HCFC 141b blowing agents in the polyurethane foam insulation of the refrigerators and freezers in a manner that complies with all applicable hazardous-waste regulations. Facilities with independent certification of 95% CFC/HCFC capture are preferred.
- Remove, label, and store, in compliance with all applicable regulations, all materials requiring special handling, such as capacitors containing polychlorinated biphenyls (PCBs), mercury-containing switches, and used oils prior to shipment to licensed facilities for disposal or recycling.
- Recycle all glass, metals, plastics and foam (free of blowing agents).
- Recycling processes that meet the requirements for the EPA's RAD program are strongly preferred.

### 2.5.3 Program Reporting

The Contractor is expected to keep EKPC well informed of the Program's progress. This communication is expected to be both informal (i.e., phone calls and e-mails), and through formal reporting. Required communication includes:

- a. Database and automated reporting systems. The Contractor must maintain a program reporting database that tracks all aspects of the Program from scheduling pick-ups through the recycling process, including detailed tracking of all materials recovered from the process. Key metrics include the number of units recycled, the amount of budget spent/remaining and energy savings, each compared to targets.
- b. Monthly invoices submitted to EKPC via the EECF system (by the 5th business day of the subsequent calendar month) documenting services provided, including:
  - Customer name and address.
  - Number of appliances collected and/or rejected.

- Number of appliances recycled.
- Model/style (single-door, top freezers, side-by-side, and bottom freezer refrigerators, upright and chest freezers), defrost type, presence of icemaker, capacity (in cubic feet), estimated vintage, amperage/BTU's, and location in the home from which it was removed.
- Incentive payments made to Program participants.

c. Monthly reports submitted to EKPC (by the 5th business day of the subsequent calendar month) summarizing Program activities and results, including data from invoices and the following:

- Number of units collected and/or rejected and recycled.
- Status of Program compared with projections.
- Financial summary.
- Unit information (Refrigerator or standalone freezer, location, primary or secondary, age, size, defrost type, etc.).
- Estimated energy savings.
- Estimated environmental benefits of the Program (estimated pounds of CFCs/HFCs/HFCs, PCBs, mercury, oil, and metals removed for disposal or recycling).
- Summary of customer complaints.

#### 2.5.4 Annual Reports

- a. Overall program report for the calendar year by February 1 of the following year to EKPC.
- b. Electronic report with a database (Excel) of all units collected as well as a hard copy report submitted to EKPC.
- c. Reporting systems that meet the requirements of the EPA's RAD program are preferred.

#### 2.5.5 Other Miscellaneous Requirements

- a. When feasible, utilize drivers based in areas of Kentucky besides Louisville and Lexington. Please provide any detail necessary the proposal as to the CONTRACTOR's plan for job support or creation.
  - 1) Prefer a transfer station in the service territory area.
- b. Where feasible, pick up ineligible and/or non-working appliances/units for recycling. This will be done at the discretion of the driver who will have eligibility requirements. This would not be a call-in request but would be done if an eligible unit is picked up and there is room to transport.
- c. Upon request, provide copies of receipt forms as part of the reporting process.
- d. We would prefer individual branding for each cooperative.
- e. Prefer no more than a 3 week lead time between enrollment and pick-up of appliance.

#### 2.6 Eligible Products

Only certain standard-size residential style refrigerators and freezers are eligible for collection through this promotion. Customers may turn in up to 2 units per electric-utility metered account per calendar year. In exchange for each secondary refrigerator and freezer collected, customers will receive an incentive.

- Qualifying refrigerators and freezers must be full-size (7.75 - 30 cubic feet).
- Qualifying refrigerators and freezers must be operational (in working order).
- EKPC will look to contractors to recommend a potential age threshold for eligible products.



**2.7 Please provide the following with your RFP:**

- a. Please include samples of forms used to schedule appointments, customer sign-off sheet, and screen shots of on-line registration system.
- b. Description of potential marketing/promotional materials.
  - i. Provide representative samples of marketing materials used in other programs including media clips of PR events, print or TV advertisements, bill inserts, etc.
- c. Description of ability to focus on specific accounts in geo-targeted areas if requested.
- d. Detailed description of the appliance collection and transportation process.
- e. Detailed description of the recycling process, the components to be recycled, and environmental compliance. Describe the plant and equipment to be used for this program.
  - i. Provide a description of the recycling process.
  - ii. Provide diagrams, photos, video, if possible.
  - iii. Describe recycling channels and waste disposal of all components.
  - iv. Provide a list of facilities currently being operated by your firm and/or facilities planned/proposed to be constructed.
  - v. Provide evidence of third-party certification of process/facilities.
  - vi. Provide environmental permit information for existing facilities.
- f. Database and reporting systems: Provide a description of the database system used by your team and the methods for reporting. Describe how your system can interface/export to the various tracking databases of EKPC and Direct Technology.
- g. Energy Savings: Provide a detailed estimate of potential savings including recommended per unit and total Program net savings, measure life and leveled cost per kWh saved for your proposal. If available, support your estimate with references to applicable evaluation, measurement and verification (EM&V) results.
- h. Cost proposal: Discuss and present (on an attached workbook) your firm's proposed fees to provide the scope of services requested in this RFP. The bid response must include the Program budget including the incentive level(s) paid to the customer, if applicable, and administrative expenses, itemized by task (use Excel worksheets to submit pricing breakdowns).

**Energy Star Appliance Program****3. ESAP Objectives**

The objective of the ESAP is to encourage consumers to upgrade to higher efficiency appliances at their time of purchase. Consumers that choose to purchase an Energy Star qualified appliance will receive a rebate, lower their average monthly energy cost, and will help EKPC manage load.

**4. Scope of Requirements****4.1 Tasks Overview**

EKPC seeks a CONTRACTOR who will be responsible for administering the ESAP which will include maintenance of a 1-800-hotline to assist customers in filing for rebates, quality assurance oversight, check writing responsibilities, etc.

The following sections describe the core characteristics of the ESAP program.

**4.1.1. Program Launch Schedule**

Planning & pre-launch

Establish connection to EECP ESAP customer portal to receive rebate requests

Contractor establishes P.O. Box for processing receipts

Customer Hotline Available for processing Rebates  
Rebate processing service available to process online applications  
Quality assurance of all requested rebates  
Custom check writing capability to brand coop logo on checks

#### 4.2. Project Start-up

The EKPC appliance program requires a CONTRACTOR with a disciplined project and program management methodology. Services sought in this RFP are the establishment and staffing of a 1-800-hotline for customer assistance, appliance and customer eligibility verification for quality assurance purposes, incentive payment processing, and reporting. Some of the associated tasks include:

- 1) Project implementation planning.
- 2) Establishment of a hotline dedicated to answering questions and assisting our OWNER MEMBER's customers with filing for their appliance rebate - same hotline as the ARP program.
- 3) Processing rebate payments by OWNER MEMBER cooperative having the appropriate logo and reporting that information to EECP.
- 4) EKPC may require flexibility to adjust for incentive levels, eligible appliances, program outcomes, budgets, and etc.

#### 4.3 Program Delivery and Expectations

The CONTRACTOR will provide the facilities, resources, and personnel to administer the ESAP program, which includes interacting directly with member-owner residential customers. CONTRACTOR delivery of ESAP services includes the following main areas:

- Customer Service
- Interfacing with EECP, database management, and reporting
- Incentive processing and payment distribution
- General Administration & Management
- Program Reporting

Detailed description of program delivery requirements are below.

##### 4.3.1. Customer Service

- 1) Establishment of phone system with toll free number for customer enrollment and assistance with questions.
  - a) Phone number will be owned by EKPC and the same for the ARP
- 2) Maintain a database to store and track interactions with the customers as well as detailed information about each appliance rebate processed. For the proposal, please suggest critical metrics and how you propose to track along with critical milestones. At a minimum, please track the annual kWh of each appliance processed for a rebate.
- 3) Provide trained customer service staff for assisting customers with questions about the program, qualifying customers, and facilitating applications.
- 4) Verify that participant is a valid customer through EKPC's DSM Software program and qualify their appliance.
- 5) Provide consistent and published call center hours of operation.
- 6) Complaint handling and tracking.

##### 4.3.2. Interfacing with EECP, database management, and reporting

Develop interface with EECP to perform the following services:



- 1) EKPC will establish a customer portal for receiving rebate applications. CONTRACTOR will be established as a Trade Ally in EECP and the Contractor will use this portal to process appliance rebates.
- 2) CONTRACTOR will utilize EECP to verify customer eligibility once a rebate request has been received.
- 3) CONTRACTOR will interface with EECP to provide follow up data on completed rebates.
- 4) CONTRACTOR will enter phone applications directly into EECP customer portal.

#### 4.3.3. Incentive processing and payment distribution

- 1) CONTRACTOR will be responsible for issuing checks for all rebate applications regardless of the method of which they were received.
- 2) CONTRACTOR's checks must be branded with the corresponding MEMBER-OWNER logo.
- 3) CONTRACTOR must notify EKPC of payment through EECP. Invoicing will be handled based on submission back to EECP.
- 4) CONTRACTOR will fulfill incentive payments within (4) weeks of application for appliance rebates.

#### 4.3.4 General Administration & Management

BIDDERS' general management methodologies will be a key factor in the selection criteria of this RFP and will include factors such as the following:

- 1) Financial management
- 2) Staffing
- 3) Management information systems
- 4) Flexibility to adjust plans according to changing dynamics in the ESAP
- 5) Management of implementation and operational milestones and schedules
- 6) Performance metrics and review processes

#### 4.3.5 Program Reporting

The Contractor is expected to keep EKPC well informed of the Program's progress. This communication is expected to be both informal (i.e., phone calls and e-mails), and through formal reporting. Required communication includes:

- a. Database and automated reporting systems. The Contractor must maintain a program reporting database that tracks data on each appliance rebate. Key metrics include the number of and type of appliances installed, the amount of budget spent/remaining and energy savings, each compared to targets.
- b. Invoicing will be processed through applications received in EECP. Payment will be a direct result of completed rebate applications inside EECP.
- c. Monthly reports submitted to EKPC (by the 5th business day of the subsequent calendar month) summarizing Program activities and results:
  - Number and type of energy star appliances installed.
  - Status of Program compared with projections.
  - Financial summary.
  - Estimated energy savings.
  - Summary of customer complaints.
  - Annual Reports.
  - Overall program report for the calendar year by February 1 of the following year to EKPC.
  - Electronic report with a database (Excel) of all appliances installed as well as a hard copy report submitted to EKPC.

#### 4.4. Subcontractors

CONTRACTORS will be required to manage their subcontractors employed in the program through processes that include (but are not limited to): auditing work orders, monitoring customer satisfaction, and other QA/QC procedures.

#### 4.5 Eligible Products

##### 4.5.1 Refrigerators & Freezers

- Product must be certified as an Energy Star Appliance. Eligible models can be found on ENERGYSTAR.GOV:
  - [Refrigerators](#)
  - [Freezers](#)
- Refrigerators must be greater than 7.75 cubic feet in capacity and at least 20% more energy efficient than the minimum federal government standard (NAECA).
- Product must be purchased after October 1<sup>st</sup>, 2014.
- Product must be fully installed and operational.
- Rebate application must be completed and original receipt or copy must be sent to the CONTRACTOR.
- Receipt must include the following information:
  - Retailer's Name
  - Itemized listing of product(s), including description(s), manufacturer(s), model number(s) or other identifying information. The receipt information must match the product information from the rebate application.
  - Purchase price and proof that full payment was made
  - Purchase date and date of delivery or installment (if installed by a contractor)

##### 4.5.2 Dishwashers

- Product must be certified as an Energy Star Appliance. Eligible models can be found on ENERGYSTAR.GOV using the following link for [dishwashers](#).
- Product must be purchased after October 1<sup>st</sup>, 2014.
- Product must be fully installed and operational.
- Rebate application must be completed and original receipt or copy must be sent to the CONTRACTOR.
- Receipt must include the following information:
  - Retailer's Name
  - Itemized listing of product(s), including description(s), manufacturer(s), model number(s) or other identifying information. The receipt information must match the product information from the rebate application.
  - Purchase price and proof that full payment was made
  - Purchase date and date of delivery or installment (if installed by a contractor)

##### 4.5.3 Clothes Washer

- Product must be certified as an Energy Star Appliance. Eligible models can be found on ENERGYSTAR.GOV using the following link for [clothes washer](#).
- Product must be purchased after October 1<sup>st</sup>, 2014.
- Product must be fully installed and operational.
- Rebate application must be completed and original receipt or copy must be sent to the CONTRACTOR.
- Receipt must include the following information:
  - Retailer's Name
  - Itemized listing of product(s), including description(s), manufacturer(s), model number(s) or other identifying information. The receipt information must match the product information from the rebate application.



- Purchase price and proof that full payment was made
- Purchase date and date of delivery or installment (if installed by a contractor)

#### 4.5.4 Heat Pump Water Heater

- Product must be certified as an Energy Star Appliance. Eligible models can be found on ENERGYSTAR.GOV using the following link for [electric heat pump water heaters](#).
- Product must be purchased after October 1<sup>st</sup>, 2014.
- Product must be fully installed and operational.
- Rebate application must be completed and original receipt or copy must be sent to the CONTRACTOR.
- Receipt must include the following information:
  - Retailer's Name
  - Itemized listing of product(s), including description(s), manufacturer(s), model number(s) or other identifying information. The receipt information must match the product information from the rebate application.
  - Purchase price and proof that full payment was made
  - Purchase date and date of delivery or installment (if installed by a contractor)

#### 4.5.5 Air Conditioner and Heat Pump

- Product must be certified as an Energy Star Appliance. Eligible models must meet the following guidelines:
  - Heat Pumps
    - Split Systems  $\geq 8.2$  HSPF/  $\geq 14.5$  SEER/  $\geq 12$  EER
      - Includes Mini-Split Heat Pumps but the (incentive is paid per outdoor unit).
    - Package Systems  $\geq 8.0$  HSPF/  $\geq 14$  SEER/  $\geq 11$  EER
  - Air Conditioners
    - Split Systems  $\geq 14.5$  SEER/  $\geq 12$  EER
      - Includes Mini-Split Air Conditioners (incentive is paid per outdoor unit).
    - Package Systems  $\geq 14$  SEER/  $\geq 11$  EER
  - Geothermal Heat Pumps
    - Closed Loop Water-to-Air  $\geq 17.1$  EER/  $\geq 3.6$  COP
- Product must be purchased after October 1<sup>st</sup>, 2014.
- Product must be fully installed and operational.
- Rebate application must be completed, signed and returned with an original or copy of your receipt and the AHRI certificate obtained from your HVAC installer.
  - AHRI certificate must list model numbers for the condenser unit (outside unit) and evaporator coil (indoor unit).
- Receipt must include the following information:
  - Retailer/contractor name, address and phone number
  - Itemized listing of product(s), including description(s), manufacturer(s), model number(s) or other identifying information. The receipt information must match the product information from the rebate application.
  - Purchase price and proof that full payment was made
  - Purchase date and date of delivery or installment (if installed by a contractor)

#### 4.6 Please provide the following with your RFP:

- a. Detailed description of the appliance verification process.
- b. Detailed description of the check issuing process available.
- c. Database and reporting systems: Provide a description of the database system used by your team and the methods for reporting. Describe how your system can interface/export to the various tracking databases of EKPC and Direct Technology.
- d. Energy Savings: Provide a detailed estimate of potential savings including recommended per unit and total Program net savings, measure life and leveled cost per kWh saved for your

- proposal. If available, support your estimate with references to applicable evaluation, measurement and verification (EM&V) results.
- e. Cost proposal: Discuss and present (on an attached workbook) your firm's proposed fees to provide the scope of services requested in this RFP. The bid response must include the Program budget including the incentive level(s) paid to the customer, if applicable, and administrative expenses, itemized by task (use Excel worksheets to submit pricing breakdowns).
  - f. Proof of sufficient liability coverage.
  - g. Appendices: Bidders should use the following structure for any appendices. Note those appendices should be used for supplemental information. Any information that you consider critical to your proposal should be included in the sections described above.

Appendix 1: Resumes

Appendix 2: Supplemental Qualifications Information (additional project descriptions, if any, that the bidder wishes to provide).

Appendix 3: Program Materials - Include any samples of incentive forms, participation forms or other materials that you might have developed.

Appendix 4: Other - Other material that the bidder may wish to include.

Appendix 5: **Environmental Requirements:**

#### **Environmental Requirements**

The appliance recycling services shall meet the Environmental Protection Agency (EPA) standards for Responsible Appliance Disposal (RAD) as follows:

- a. Collect used refrigerators and freezers from customer facilities within our member service territories, and implement best practices for the recycling/disposal of these units in compliance with federal, state, and local laws, including; safe disposal of hazardous waste products, and recycling of all recoverable, durable materials, to the extent possible:
  - i. Using environmentally sound methods to remove, process, manage, and recycle or eliminate chlorofluorocarbons (CFC) in refrigerants and foam insulation found in refrigerators to prevent their release into the atmosphere, securing all permits for CFC recycling equipment in accordance with local air-quality regulations and ensuring that operators are certified to perform the recycling activities
  - ii. Proper recovery and management of refrigerant: Under Section 608 of the 1990 Clean Air Act Amendments (40 CFR Part 82 Subpart F), no refrigerant may be vented during the disposal of appliances; therefore, refrigerant must be recovered at equipment end-of-life. Refrigerant must be properly recovered (per §82.156), meaning that at least 90% of the refrigerant must be recovered if the compressor is operating, and at least 80% must be recovered otherwise; alternatively, the refrigerant can be evacuated to four inches of mercury vacuum. Refrigerant must either be reclaimed by an EPA-certified reclaimer (per §82.164) for reuse, or destroyed using environmentally acceptable methods in accordance with applicable federal, state, and local environmental regulations.
  - iii. Proper recovery and management of mercury: Mercury waste, such as switches and relays, must be recovered from appliances prior to disposal or shredding, sent to a qualified recovery facility that has appropriate hazardous waste management permits, and managed in accordance with applicable federal, state, and local hazardous waste regulations (e.g., waste must be properly packaged prior to transport). The federal hazardous waste regulations under the Resource Conservation and Recovery Act (RCRA) can be found in Title 40 of the Code of Federal Regulations, Parts 260-279.



- iv. Proper recovery and management of used oil: Any used oil recovered from refrigeration units must be managed in accordance with the federal standards outlined in 40 CFR 279 or the equivalent state regulations. Before recycling and disposal, used oil must be stored in appropriate containers in good condition and with no visible leaks. Per the RCRA used oil rebuttable presumption, refrigerants must be reclaimed from the used oil to the fullest extent possible, and the used oil cannot be mixed with used oil from sources other than refrigeration units; otherwise, the used oil must be classified as a hazardous waste or it must be proven (through testing) that it does not contain significant concentrations of hazardous substances (i.e., >1,000 ppm total halogens).
  - v. Processing of appliances, using environmentally sound methods to safely remove, process, manage and dispose of polychlorinated biphenyls (PCBs). PCBs would most likely be found in a capacitor. If the capacitor does not state “contains no PCBs” or the capacitor (or refrigerator) was manufactured before 1979, assume that the capacitor contains PCBs (see 40 CFR 761.2 (a) (4) for PCB concentration assumptions and 40 CFR 761.3 for definitions). If the capacitor contains PCBs, which are regulated for disposal, and is leaking, then disposal of the capacitor must be in accordance with 40 CFR 761.62(a) or (c). If the capacitor contains PCBs, which are regulated for disposal, and is not leaking, then disposal of the capacitor must be in accordance with 40 CFR 761.60(b) (2). Storage of PCB capacitors, which are regulated for disposal, must be for no more than one year and must be in accordance with 40 CFR 761.65.
  - vi. Proper recovery and destruction of ODS foam blowing agent: ODS foam must be removed from appliances and foam blowing agent must be reclaimed or destroyed using environmentally acceptable methods
- b. Provide copies of all Hazardous Waste Manifests and their corresponding Certificates of Disposal and Recycling and or Certificates of Destruction.
  - c. Securing all necessary permits and licenses from Federal, State and local agencies for the handling, transportation and storage of all hazardous wastes and materials, and the collection, transportation, processing and recycling of household appliances.
  - d. Tracking and reporting program information annually to the EPA including: the number of appliances collected; type and quantity of refrigerants reclaimed/destroyed; type and quantity of foam blowing agent reclaimed/destroyed; weight of metals, plastics, and glass recycled; and quantity of hazardous waste products managed and used oil recovered.

**7. STRUCTURE OF RESPONSE**

Bidders are requested to adopt the following response structure:

**13) Executive Summary**

Provide a high level summary of bidder’s offering pertaining to the RFP.

**14) Work Approach & Plan**

Describe bidder’s approach, plan and schedule to complete the scope of work as specified in the RFP.

**15) Company Information**

- 1. Legal name of company
- 2. Legal address of company
- 3. Dun & Bradstreet number
- 4. NAICS number (information may be found at [www.naics.com](http://www.naics.com))
- 5. Signed IRS W-9 - Request for Taxpayer Identification Number and Certification
- 6. Organizational structure including parent, subsidiary and partnership relationships
- 7. Financial information (balance sheet and income statement) for current and previous two years
- 8. Risk factors including any pending bankruptcy filings or litigations
- 9. OSHA recordable rates and EMR for current and previous two years

Year	OSHA Recordable Rate	EMR

**16) Company Qualification and Experience**

- 1. The firm’s experience with utilities and/or Generation & Transmission (G&T) cooperatives
- 2. The firm’s qualification/experience with the type of work solicited/proposed

**17) Personnel Information**

- 1. State if union or non-union employees will be used for EKPC work
- 2. Name and title of key personnel directly involved in this project, including their educational background and relevant experience in Section 4 above
- 3. Name and title of highest ranking executive accountable for the successful performance of this project for EKPC

**18) References**

Provide the name of three to five clients for which Bidder has completed similar projects. References to include a brief description, location of work, year in which work was completed, contact name, title, phone and/or email.

**19) Exceptions to the RFP**

List any and all commercial and technical exceptions to the RFP requirements. Exceptions identified shall not constitute acceptance by EKPC. Indicate "No Exceptions Taken" if none is taken.

**20) Pricing Structure**

Please provide pricing in the following format. Note that pricing information must be submitted in a separate document and that no pricing information will be contained in the body of Bidder's non-pricing proposal.

<b>EKPC Appliance Recycling Program and Energy Star Proposal Pricing Sheet</b>	
<b>ARP</b>	
One-time set up fee (if applicable)	\$ _____
Monthly admin fee (If applicable)	\$ _____
Per unit ARP fee (based on 1000 annual units)	\$ _____
Annual Total based on 1000 units	\$ _____
<b>ESAP</b>	
One-time set up fee (if applicable)	\$ _____
Monthly admin fee (If applicable)	\$ _____
Per unit ESAP fee (based on 2000 annual units)	\$ _____
Annual Total based on 2000 units	\$ _____
<b>Total Contract cost for ARP and ESAP (3 years)</b>	<b>\$ _____</b>



## PART II

### GENERAL SERVICE AGREEMENT TEMPLATE

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#### GENERAL SERVICES AGREEMENT EAST KENTUCKY POWER COOPERATIVE, INC.

This General Services Agreement (this "General Services Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_ by and between EAST KENTUCKY POWER COOPERATIVE, INC. ("East Kentucky", "EKPC" or "Company") and \_\_\_\_\_ ("Contractor"), a \_\_\_\_\_ Corporation.

WHEREAS, Contractor desires the opportunity to provide goods and/or services to East Kentucky from time to time, and East Kentucky desires the opportunity to engage Contractor to provide such goods and/or services; and

WHEREAS, the parties intend that this General Services Agreement sets forth the exclusive set of terms and conditions which shall govern the performance of the "Work" (as defined below) by Contractor for East Kentucky to engage Contractor to provide Work.

**NOW THEREFORE, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do agree as follows:**

#### ARTICLE 1 DEFINITIONS

- 1.01 Agreement:** "Agreement" shall mean this General Services Agreement, along with any "Statements of Work" (as defined below) and/or Purchase Order (as defined below) issued by Company and/or any other documentation as may be executed by the parties in accordance with Article 2, and/or or other agreed collateral document pursuant to which the Work is to be performed.
- 1.02 Applicable Laws:** "Applicable Laws" shall mean any and all applicable federal, state, or local laws, regulations, codes, ordinances, administrative rules, court orders, permits or executive orders.
- 1.03 Contract Price:** "Contract Price" shall mean the aggregate of the particular consideration set forth in one or more Purchase Orders or other Statements of Work or as otherwise agreed upon. Unless otherwise agreed in writing, the Contract Price includes all applicable taxes, duties, fees, and assessments of any nature, including without limitation all sales and use taxes, due to any governmental authority with respect to the Work.
- 1.04 Contractor:** "Contractor" shall mean the entity designated as the "Contractor" in the opening paragraph of this Agreement.
- 1.05 Company:** "Company" shall mean East Kentucky Power Cooperative, Inc.
- 1.06 EKPC:** "EKPC" shall mean East Kentucky Power Cooperative, Inc.
- 1.07 East Kentucky Power Cooperative, Inc.** shall mean East Kentucky, a Kentucky corporation.
- 1.08 Purchase Order:** Company may, at its discretion, issue its own "Purchase Order Standard Terms and Conditions" and/or "Contractor's Purchase Agreement" (collectively referred to as a "Purchase Order") that may supplement, but in no way or manners ever supersede, this Agreement with respect to any conflicting terms and conditions.
- 1.09 PO Number:** "PO Number" shall mean a multi-digit number specifically issued to Contractor by EKPC.
- 1.10 Statements of Work:** "Statements of Work" shall mean any specifications, instructions, drawings, schedules, a Purchase Order, contracts, scopes of work, and/or statements of work.
- 1.11 Work:** "Work" shall include those services and/or goods set forth in this Agreement.
- 1.12 Tools and Equipment:** "Tools and Equipment" shall mean any tools, equipment, rigging and other general supplies on the Company's premises where the Work is being performed that is either owned and/or leased by Company.

**ARTICLE 2 SCOPE BINDING EFFECT**

Unless otherwise agreed in a writing executed by each of the parties which evidences a clear intention to supersede this Agreement, the parties intend that this Agreement apply to all transactions which may occur between East Kentucky on one hand and Contractor on the other hand during the term of this Agreement and which are related to the provision of goods and/or services by Contractor for the benefit of East Kentucky. East Kentucky makes no commitment to Contractor as to the exclusiveness of this relationship or as to the volume, if any, of business East Kentucky will do with Contractor. The parties do, however, anticipate that the parties will agree from time to time for the performance of Work by Contractor. Such agreement for the provision of Work shall be reflected by (a) each of the parties executing a mutually acceptable Statement of Work under this Agreement (which is attached hereto as Exhibit A and incorporated by reference) or (b) Company providing a purchase order or other Statement of Work to Contractor and Contractor accepting such purchase order or other Statement of Work (including by commencing performance pursuant to such purchase order or other Statement of Work). In the event Company provides a purchase order or other Statement of Work to Contractor and Contractor commences performance, unless such purchase order or other Statement of Work expressly provides otherwise, Contractor hereby agrees to the formation of a binding agreement as described in the purchase order or other Statement of Work upon Contractor's commencement of performance, waives any argument that it might otherwise have under Applicable Laws that the purchase order should have been executed by each of the parties to be enforceable and further agrees to not contest the enforceability of such purchase order or other Statement of Work on those grounds, and agrees to not contest the admissibility of Company's records related to such Purchase Order or other Statement of Work that are kept in the ordinary course by Company. In addition, in no event shall the terms and conditions of any proposal, purchase order or other Statement of Work, acknowledgement, invoice, or other document unilaterally issued by Contractor be binding upon Company without Company's explicit written acceptance thereof. Any Work performed by Contractor without Company's binding commitment for such Work either via a duly executed or accepted purchase order or other Statement of Work under this Agreement shall be at Contractor's sole risk and expense, and Company shall have no obligation to pay for any such Work. The fee schedule of Contractor is attached hereto as Exhibit B and incorporated by reference.

**ARTICLE 3 CONDITIONS AND RISKS OF WORK**

Unless the applicable Statement of Work expressly provides otherwise, Contractor agrees that before beginning any Work Contractor shall carefully examine all conditions relevant to such Work and its surroundings, and, unless Contractor notifies Company in writing that it will not perform the Work under such conditions, Contractor shall assume the risk of such conditions and shall, regardless of such conditions, the expense, or difficulty of performing the Work, fully complete the Work for the stated Contract Price applicable to such Work without further recourse to Company. Without limiting the foregoing, Contractor specifically recognizes that Company and other parties may be working concurrently at the site. Information on the site of the Work and local conditions at such site furnished by Company in specifications, drawings, or otherwise is made without representation or warranty of any nature by Company, is not guaranteed by Company, and is furnished solely for the convenience of Contractor. All drawings and other documents, if any, required to be submitted to Company for review shall be submitted in accordance with the mutually agreed to schedule, and, if no schedule applies, such drawings or other documents shall be submitted by Contractor without unreasonable delay. No Work affected by such drawings and other documents shall be started until Contractor is authorized to do so by Company. In case of a conflict between or within instructions, specifications, drawings, schedules, purchase order(s) and/or other Statements of Work, Company shall resolve such conflict; and Company's resolution shall be binding on Contractor. Contractor agrees that all labor employed by Contractor, its agents, or subcontractors for Work on the premises of Company shall be in harmony with all other labor being used by Company or other contractors working on Company's premises. Contractor agrees to give Company immediate notice of any threatened or actual labor dispute and will provide assistance as determined necessary by Company to resolved any such dispute. Contractor, its agents, or subcontractors shall remove from Company's premises any person objected to by Company in association with the Work.

**Local Conditions Contractor represents that it has taken steps necessary to ascertain the nature and location of the Work, and that it has investigated and satisfied itself as to the general and local conditions which can affect the Site and/or the performance of the Work, including (i) conditions**



bearing upon access, egress, transportation, waste disposal, handling, laydown, parking and storage of materials; (ii) the availability of labor, water, electric power, other utilities and roads; (iii) uncertainties of weather or other observable physical conditions at the Site; and (iv) the character of equipment and facilities needed preliminary to and during the performance of the Work; and (v) the location of all underground facilities including but not limited to gas, electric, water, sewer lines, and drain tiles. Any failure by Contractor to take the actions described in this section will not relieve Contractor from responsibility for estimating properly the difficulty and cost of successfully performing the Work, or for proceeding to successfully perform the Work without additional expense to Owner.

**Site Conditions** All conditions, including geotechnical, topographical, geological, seismic, hydrographical, hydrological, or physical conditions related to the Work shall neither be deemed concealed or unknown conditions under this section nor constitute force majeure for purposes of this Agreement; it being expressly acknowledged and agreed by Contractor that the cost and delay risk for any such conditions shall be borne by Contractor, and that Contractor shall have no claim for an adjustment in the Schedule or the Contract Price as a result of such conditions. If, in performance of the Work, Contractor encounters unknown, concealed, man-made, subsurface conditions at the Site, then notice of such conditions shall be promptly given to Owner by Contractor and if Owner and Contractor thereafter mutually determine that such conditions are, in fact, of such nature, then Contractor may be entitled to seek an equitable adjustment in the Contract Price or the Schedule, or both.

#### **ARTICLE 4 COMPANY CHANGES IN WORK**

The scope of and conditions applicable to the Work shall be subject to changes by Company from time to time. Such changes shall only be enforceable if documented in a writing executed by Company. For all circumstances requiring Changes in Work, Contractor shall have prior written approval from of Company before performing said Work. Work completed without a prior approved Change Order will not be processed or paid. If Contractor believes that adjustment of the Contract Price or the Work schedule is justified, whether as a result of a change made pursuant to this Article or as a result of any other circumstance, then Contractor shall (a) give Company an immediate written notice of its claim and (b) shall supply a written statement supporting Contractor's claim, which statement shall include Contractor's detailed estimate of the effect on the Contract Price and/or the Work schedule. Contractor agrees to continue performance of the original Work during the time any claim hereunder is pending unless otherwise mutually agreed to in writing between the parties. Company shall not be bound to any adjustments in the Contract Price or the Work schedule unless expressly agreed to by Company in writing. Company will not be liable for, and Contractor waives, any claims of Contractor that Contractor knew or should have known and that were not reported by Contractor in accordance with the provisions of this Article.

#### **ARTICLE 5 FORCE MAJEURE**

Neither party shall be liable to the other for any damages for any failure to perform or for any delays or interruptions beyond that party's reasonable control in performing any of its obligations under this Agreement due to acts of God, fires, floods, earthquakes, riots, war, acts of terrorism, civil insurrection, acts of the public enemy, or acts or failures to act of civil or military authority, unless the time to perform is expressly guaranteed. Contractor shall advise Company immediately of any anticipated and actual failure, delay, or interruption and the cause and estimated duration of such event. Any such failure, delay, or interruption, even though existing on the date of this Agreement or on the date of the start of the Work, shall require Contractor to within five (5) days submit a recovery plan detailing the manner in which the failure, delay, or interruption shall be remedied and the revised schedule. Contractor shall diligently proceed with the Work notwithstanding the occurrence thereof. This Article shall apply only to the part of the Work directly affected by the particular failure, delay, or interruption, and shall not apply to the Work as a whole or any other unaffected part thereof.

#### **ARTICLE 6 CONTRACTOR DELAYS**

Time is an important and material consideration in the performance of this Agreement by Contractor. Contractor agrees to cooperate with Company in scheduling the Work so that the project and other

activities at Company's site will progress with a minimum of delays. Company shall not be responsible for compensating Contractor for any costs of overtime or other premium time worked unless Company has provided separate prior written authorization for additional compensation to Contractor, and, if Company provides such written authorization, such additional compensation shall be limited to Contractor's actual cost of the premium portion of wages, craft fringe benefits, and payroll burdens. Contractor shall be liable for all failures, delays, and interruptions in performing any of its obligations under this Agreement which are not (a) caused by Company and reported in accordance with Article 4, (b) excused by Article 5, or (c) directed by Company pursuant to Article 7. Contractor shall, without adjustment to completion date or Contract Price, be obligated to make up time lost by such failures, delays, or interruptions. Company may suspend payments under this Agreement during the period of any such failure, delay, or interruption.

#### **ARTICLE 7 DELAY LIQUIDATED DAMAGES**

The Parties agree that it would be extremely difficult and impracticable under the presently known and anticipated facts and circumstances to ascertain and fix the actual damages Owner would incur should Contractor delay in achieving OR should material not achieve full performance by the [Due Date...however it's defined in the contract]. Accordingly the Parties hereby agree that if Contractor fails to so achieve full performance by the [Due Date], then Owner's sole and exclusive remedy for such delay shall be to recover from Contractor as liquidated damages, and not as a penalty, the sum of \$ \_\_\_\_\_ per day for each calendar day for the first \_\_\_\_\_ (\_\_\_\_\_) calendar days of delay and \$ \_\_\_\_\_ per day for the next \_\_\_\_\_ (\_\_\_\_\_) days thereafter that completion of performance is so delayed by Contractor beyond the [Due Date]; it being acknowledged and agreed by the Parties hereto that the liquidated damages identified in this section relate solely to Contractor's delay in achieving completion by the [Due Date].

The Parties agree that if liquidated damages are not applicable under this Article 7 for one particular Purchase Order, they may be applicable on another project/scope of work performed by this Contractor on a future date and any such application shall be evidenced by the parties on a related Purchase Order for that future project.

#### **ARTICLE 8 COMPANY EXTENSIONS**

Company shall have the right to extend schedules or suspend the Work, in whole or in part, at any time upon written notice to Contractor (except that in an emergency or in the event that Company identifies any safety concerns, Company may require an immediate suspension upon oral or written notice to Contractor). Contractor shall, upon receipt of such notice, immediately suspend or delay the Work. Contractor shall resume any suspended Work when directed by Company. If Contractor follows the requirements of Article 4, a mutually agreed equitable adjustment to the Contract Price or to the schedules for payments and performance of the remaining Work may be made to reflect Company's extension of schedules or suspension of the Work. Contractor shall provide Company all information Company shall request in connection with determining the amount of such equitable adjustment.

#### **ARTICLE 9 INSPECTING, TESTING, AND AUDITING**

**9.01 Right of Inspecting and Testing:** Company reserves the right, but shall not be obligated, to appoint representatives to follow the progress of the Work with authority to suspend any Work not in compliance with this Agreement. The appointment or absence of an appointment, of such representatives by Company shall not have any effect on warranties. Acceptance or approval by Company's representative shall not be deemed to constitute final acceptance by Company, nor shall Company's inspection relieve Contractor of responsibility for proper performance of the Work. Inspection by Company's representative shall not be deemed to be supervision or direction by Company of Contractor, its agents, servants, or employees, but shall be only for the purpose of attempting to ensure that the Work complies with this Agreement. In the event Contractor fails to provide Company with reasonable facilities and access for inspection when advised, and if in the opinion of Company it becomes necessary to dismantle the Work for such inspection, then Contractor shall bear the expenses of such dismantling, testing, and reassembly.

**9.02 Right of Auditing:** Contractor shall maintain complete records relating to any cost-based (i.e., Work not covered by firm prices) components of the Work billed under this Agreement or relating to the

quantity of units billed under any unit price provisions of this Agreement (all the foregoing hereinafter referred to as "Records") for a minimum of five years following the latest of performance of, delivery to Company of, or payment by Company for, such Work or units. All such Records shall be open to inspection and subject to audit and reproduction during normal working hours, by Company or its authorized representatives to the extent necessary to adequately permit evaluation and verification of any invoices, payments, time sheets, or claims based on Contractor's actual costs incurred in the performance or delivery of Work under this Agreement. For the purpose of evaluating or verifying such actual or claimed costs, Company or its authorized representative shall have access to said Records at any time, including any time after final payment by Company to Contractor pursuant to this Agreement. All non-public information obtained in the course of such audits shall be held in confidence except pursuant to judicial and administrative order. Company or its authorized representative shall have access, during normal working hours, to all necessary Contractor facilities and shall be provided adequate and appropriate work space to conduct audits in compliance with the provisions of this Article. Company shall give Contractor reasonable notice of intended audits. The rights of Company set forth in this paragraph shall survive the termination or expiration of this Agreement.

**9.03 Use of Tools and Equipment:** Company, in its sole discretion, may allow Contractor to use Company's Tools and Equipment for the Work and related activities at designated Company locations. Contractor shall indemnify and hold harmless Company, including its officers, directors, shareholders, agents, members and employees (each an "Indemnified Party"), from and against any and all claims, damages, losses or liabilities arising out of, relating to, or in connection with, the use of Company's Tools and Equipment by Contractor, its agents, servants, employees or subcontractors, and will reimburse each Indemnified Party for all expenses (including attorney's fees and expenses) as they are incurred in connection with investigating, preparing or pursuing or defending any action, claim, suit or investigation or proceeding related to, arising out of, or in connection with, the use of Company's Tools and Equipment by Contractor, its agents, servants, employees or subcontractors, whether or not threatened or pending and whether or not any Indemnified Party is a party, Contractor, on behalf of itself or its agents, affiliates, officers and directors, and all of their predecessors, successors, assigns, heirs, executors and administrators, hereby irrevocably release, discharge, waive, relinquish and covenant not to sue, directly, derivatively or otherwise, Company and its directors, officers, shareholders, members, partners (general or limited), employees and agents (including, without limitation, its financial advisors, counsel, information agents, depositories, consultants and public relations representatives) and its predecessors, successors, assigns, heirs, executors or administrators, and all persons acting in concert with any such person, with respect to any and all matters, actions causes of action (whether actually asserted or not), suits, damages, claims, or liabilities whatsoever, at law, equity or otherwise, arising out of, relating to, or in connection with the use of Company's Tools and Equipment by Contractor, its agents, servants, employees or subcontractors. Company shall in no event be liable for any claim whatsoever by or through Contractor, its employees, agents and/or subcontractors or by any third party, for any inoperability or failure of the Tools and Equipment to perform as designed or intended, whether such claim is based on warranty, contract, tort (including negligence), strict liability or otherwise and whether for direct, incidental, consequential, special, exemplary or other damages. Contractor shall ensure that its employees, agents, subcontractors or servants shall inspect, exercise the appropriate level of care in the use, maintenance and repair of the Tools and Equipment, so as to minimize the incidence of casualties and injuries occurring in connection therewith.

#### **ARTICLE 10 COMPLIANCE WITH APPLICABLE LAWS; SAFETY; DRUG AND ALCOHOL TESTING**

**10.01 Applicable Laws and Safety:** Contractor agrees to protect its own and its subcontractors' employees and be responsible for their Work until Company's acceptance of the entire project and to protect Company's facilities, property, employees, and third parties from damage or injury. Contractor shall at all times be solely responsible for complying with all Applicable Laws and facility rules, including without limitation those relating to health and safety, in connection with the Work and for obtaining at Contractor's expense (but only as approved by Company) all permits and approvals necessary to perform the Work. Without limiting the foregoing, Contractor agrees to strictly abide by and observe all standards of the Occupational Safety & Health Administration (OSHA) which are applicable to the Work being performed now or in the future, all of which are incorporated herein by reference. It is the obligation of the Contractor to request and receive any facility rules that may apply. Contractor shall maintain the Work



site in a safe and orderly condition at all times. Company shall have the right but not the obligation to review Contractor's compliance with safety and cleanup measures. In the event Contractor fails to keep the work area clean, Company shall have the right to perform such cleanup on behalf of, at the risk of and at the expense of Contractor. In the event Contractor subcontracts any of the Work, Contractor shall notify Company in writing of the identity of the subcontractor before utilizing the subcontractor. Contractor shall conduct, and require its subcontractors to conduct, safety audits and job briefings during performance of the Work. In the event a subcontractor has no procedure for conducting safety audits and job briefings, Contractor shall include the subcontractor in its safety audits and job briefings. All safety audits shall be documented in writing by the Contractor and its subcontractors. Contractor shall provide documentation of any and all audits identifying safety deficiencies and concerns and corrective action taken as a result of such audits to Company semi-monthly.

**10.02 Hazards and Training:** Contractor shall furnish adequate numbers of trained, qualified, and experienced personnel and appropriate safety and other equipment in first-class condition, suitable for performance of the Work. Such personnel shall be skilled and properly trained to perform the Work and recognize all hazards associated with the Work. Without limiting the foregoing, Contractor shall participate in any safety orientation or other of Company's familiarization initiatives related to safety and shall strictly comply with any monitoring initiatives as determined by Company. Contractor shall accept all equipment, structures, and property of Company as found and acknowledges it has inspected the property, has determined the hazards incident to working thereon or thereabouts, and has adopted suitable precautions and methods for the protection and safety of its employees and the property.

**10.03 Drug and Alcohol:** No person will perform any of the Work while under the influence of drugs or alcohol. All persons who will perform any of the Work may be subject to drug and alcohol testing under either of the following circumstances: (i) where the person's performance either contributed to an accident or cannot be completely discounted as a contributing factor to an accident which involves off-site medical treatment of any person; and (ii) where Company determines in its sole discretion that there is reasonable cause to believe such person is using drugs or alcohol or may otherwise be unfit for duty. Such persons will not be permitted to perform any Work until the test results are established. Contractor shall be solely responsible for administering and conducting drug and alcohol testing at Contractor's sole expense as well as criminal background investigations on all of its employees and/or subcontractors performing the Work and shall so certify in writing if so requested. As applicable and in addition to any other requirements under this Agreement, Contractor shall develop and strictly comply with any and all drug testing requirements as required by Applicable Laws.

Should Contractor have actual knowledge of violations of any of the herein stated policies of conduct in this Article 10, or have a reasonable basis to believe that such violations will occur in the future, whether by its own employees, agents, representatives or subcontractors, or by another vendor and/or supplier of the Company and its employees, agents, representatives or subcontractors, or by any employee agent and/or representative of Company, Contractor has an affirmative obligation to immediately report any such known, perceived and/or anticipated violations to the Company in care of EKPC Safety Manager at Headquarter Location.

**10.04 Notice to Owners:** Contractor shall promptly report in writing to Company all near misses, accidents or incidents, including property damage, arising out of or in connection with the Work, giving full details and statements of any witnesses, pictures and providing Company with a full and thorough investigation of the incident. Notice shall be given to EKPC's Safety Manager at Headquarters or to the onsite Safety Coordinator for the specific facility.

#### **ARTICLE 11 STATUS OF CONTRACTOR**

Company does not reserve any right to control the methods or manner of performance of the Work by Contractor. Contractor, in performing the Work, shall not act as an agent or employee of Company, but shall be and act as an independent contractor and shall be free to perform the Work by such methods and in such manner as Contractor may choose, doing everything necessary to perform such Work properly and safely and having supervision over and responsibility for the safety and actions of its employees and the suitability of its equipment. Contractor's employees and subcontractors shall not be deemed to be employees of Company. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Agreement to the same extent as

required of Contractor. In such event, Company strongly encourages the use of Minority Business Enterprises, Women Business Enterprises, and Disadvantaged Business Enterprises, as defined under federal law and as certified by a certifying agency that Company recognizes as proper.

#### **ARTICLE 12 EQUAL EMPLOYMENT OPPORTUNITY**

**To the extent applicable, Contractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified protected veterans and prohibit discrimination against qualified individuals on the basis of disability. These regulations also prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment qualified individuals with disabilities, qualified protected veterans, and all individuals without regard to race, color, religion, sex, or national origin.**

#### **ARTICLE 13 INDEMNITY BY CONTRACTOR**

Contractor shall indemnify, defend, and hold harmless Company, its directors, officers, employees, and agents, from any and all damage, loss, claim, demand, suit, liability, penalty, fines, or forfeiture of every kind and nature, including but not limited to attorneys' fees and expenses and other costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) bodily and other personal injuries to or deaths of persons, (b) damages to tools or equipment owned or leased by Company, (c) damages to other property, (d) the release or threatened release of a hazardous substance or any pollution or contamination of or other adverse effects on the environment, (e) violations of any Applicable Laws, or (f) infringement of patent, copyright, trademark, trade secret, or other property right, to the extent resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors, or other representatives or otherwise from performance of this Agreement, whether suffered directly by Company or indirectly by reason of third party claims, demands, or suits. This obligation to indemnify, defend, and hold harmless shall survive termination or expiration of this Agreement.

#### **ARTICLE 14 ENVIRONMENTAL**

**14.01 Control:** As required under the OSHA Hazard Communication Standard (29 CFR 1910.1200) and certain other Applicable Laws, Contractor or its subcontractors shall provide Material Safety Data Sheets ("MSDS") covering any hazardous substances and materials furnished under or otherwise associated with the Work under this Agreement. Contractor and its subcontractors shall provide Company with either copies of the applicable MSDS or copies of a document certifying that no MSDS are required under any Applicable Laws in effect at the worksite. **No asbestos or lead containing materials shall be incorporated into any Work performed by Contractor or otherwise left on the Work site without the prior written approval of Company.** Contractor and its subcontractors shall be solely responsible for determining if any chemical or material furnished, used, applied, or stored or Work performed under this Agreement is subject to any Applicable Laws.

**14.02 Labeling:** Contractor and its subcontractors shall label hazardous substances and materials and train their employees in the safe usage and handling of such substances and materials as required under any Applicable Laws.

**14.03 Releases:** Contractor and its subcontractors shall be solely responsible for the management of any petroleum or hazardous substances and materials brought onto the Work site and shall prevent the release of petroleum or hazardous substances and materials into the environment. All petroleum or hazardous substances and materials shall be handled and stored according to Contractor's written Spill Prevention Control and Countermeasures Plan or Best Management Practices Plan as defined under the provisions of the Clean Water Act, as amended, if either such Plan must be maintained pursuant to Applicable Laws. Contractor shall provide secondary containment for the storage of petroleum or hazardous substances and materials. The prompt and proper clean-up of any spills, leaks, or other releases of petroleum or hazardous substances and materials resulting from the performance of the Work under this Agreement and the proper

disposal of any residues shall be Contractor's sole responsibility, but Contractor shall give Company immediate notice of any such spills, leaks, or other releases. Contractor shall be solely responsible for the storage, removal, and disposal of any excess or unused quantities of chemicals and materials that Contractor causes to be brought to the Work site.

**14.04 Generated Wastes:** Unless Company and Contractor expressly agree otherwise in writing, Contractor and its subcontractors shall be solely responsible for any wastes generated in the course of the Work, and Contractor shall handle, store, and dispose of such wastes in accordance with any Applicable Laws.

**14.05 Survival:** The obligations set forth in this Article shall survive termination or expiration of this Agreement.

#### **ARTICLE 15 INSURANCE**

**Refer to EXHIBIT C for minimum insurance requirements.**

#### **ARTICLE 16 WARRANTIES**

Contractor warrants that:

- (a) the Work will conform to any applicable Statement of Work; and any materials supplied in connection therewith shall be new, unused, free from defect, and shall meet the requirements of the latest ASTM, or other applicable standard specifications unless otherwise stipulated.
- (b) the Work will be suitable for the purposes specified by Company and will conform to each statement, representation, and description made by Contractor to Company;
- (c) the Work is not and shall not be subject to any encumbrance, lien, security interest, patent, copyright or trademark claims, infringements, or other defects in title; and
- (d) any labor or services performed pursuant to this Agreement shall be performed in a competent, diligent, and timely manner in accordance with the highest professionally accepted standards.

Contractor shall respond in writing to any warranty claim by Company within five (5) business days of the delivery of notice of such claim to Contractor.

**Correction of Defective Work:** Contractor shall replace any portion of the Work which is unsound or improper and remove from the premises any materials furnished by Contractor whether worked or unworked, which do not comply with the requirements of the contract. No Work shall be enclosed or covered until it has been inspected by Company. Should any Work be covered without having been so inspected, Contractor shall, if so required, uncover at its expense such Work for inspection by Company, unless Company failed to inspect such Work within a reasonable time after receipt of notice of its readiness for inspection.

No payment shall be allowed for any defective Work. Contractor shall replace or correct any defective Work, and, upon proper replacement, or performance, shall be paid for such replacement or performance only for the amount that would have been payable if the Work had been performed properly in the first instance. Contractor shall bear the expense of making good all Work of other contractors destroyed or damaged in the replacement or performance of such defective Work. If any of Company's materials have been used in any defective Work, the cost of such materials will be back-billed to Contractor.

If Contractor fails to replace or correct any defective Work, Company may have same replaced or corrected and the cost of such replacement or performance, including any additional cost and expense thereby incurred shall be deducted from the contract price.

#### **ARTICLE 17 OWNERSHIP OF INTELLECTUAL PROPERTY; PATENTS**

**17.01 Ownership:** All inventions, discoveries, processes, methods, designs, drawings, blueprints, information, software, works of authorship and know-how, or the like, whether or not patentable or copyrightable (collectively, "Intellectual Property"), which Contractor conceives, develops, or begins to develop, either alone or in conjunction with Company or others, in connection with the Work, shall be "work made for hire" and the sole and exclusive property of Company. Upon request, Contractor shall



promptly execute all applications, assignments, and other documents that Company shall deem necessary to apply for and obtain letters patent of the United States and/or copyright registration for the Intellectual Property and in order to evidence Company's sole ownership thereof.

**17.02 Royalties and License Fees:** Contractor shall pay all royalties and license fees which may be payable on account of the Work or any part thereof. In case any part of the Work is held in any suit to constitute infringement and its use is enjoined, Contractor within a reasonable time shall, at the election of Company and in addition to Contractor's obligations under Article 13, either (a) secure for Company the perpetual right to continue the use of such part of the Work by procuring for Company a royalty-free license or such other permission as will enable Contractor to secure the suspension of any injunction, or (b) replace at Contractor's own expense such part of the Work with a non-infringing part or modify it so that it becomes non-infringing (in either case with changes in functionality that are acceptable to Company).

#### **ARTICLE 18 RELEASE OF LIENS**

Contractor hereby releases for itself and its successors in interest, and for all subcontractors and their successors in interest, any and all claim or right of mechanics or any other type lien upon Company's or any other party's property, the Work, or any part thereof as a result of performing the Work. Contractor shall execute and deliver to Company such documents as may be required by Applicable Laws to make this release effective and shall give all required notices to subcontractors with respect to ensuring the effectiveness of the foregoing release against those parties. Contractor shall secure the removal of any lien that Contractor has agreed to release in this Article within five (5) working days of receipt of written notice from Company to remove such lien. If not timely removed, Company may remove the lien and charge all costs and expenses to Contractor, including without limitation costs of bonding off such lien.

#### **ARTICLE 19 ASSIGNMENT OF AGREEMENT; SUBCONTRACTING**

Contractor shall not, by operation of law or otherwise, assign and/or subcontract any part of the Work or this Agreement without Company's prior written approval. Such approval, if given by Company, shall not relieve Contractor from full responsibility for the fulfillment of any and all obligations under this Agreement. Under any and all circumstances, any permitted assignee of Contractor, whether or not such assignee shall be a division, subsidiary and/or affiliate entity of Contractor, shall also be fully bound by the terms of this Agreement and, furthermore, upon request by Company, each of Contractor and its permitted assignee shall provide sufficient financial information, as determined by Company in its sole discretion, necessary to validate such assignee's credit worthiness and ability to perform under this contract.

#### **ARTICLE 20 INVOICES AND EFFECT OF PAYMENTS**

**20.01 Invoices:** Within a reasonable period of time following the end of each calendar month or other agreed period, Contractor shall submit an invoice to Company that complies with this Article. Payments shall be made within sixty (60) days of Company's receipt of Contractor's proper invoice, and, in the event that Company's payment is overdue, Contractor shall promptly provide Company with a notice that such payment is overdue. Such invoices shall reference the applicable PO Number and shall also show labor, material, taxes paid (including without limitation sales and use taxes, duties, fees, and other assessments imposed by governmental authorities), freight, and all other charges (including without limitation equipment rental) as separate items. All invoices shall be submitted with supporting documentation and in acceptable form and quality to Company's authorized representative. Should Company dispute any invoice for any reason, payment on such invoice shall be made within thirty (30) days of the dispute resolution. Payment of the invoice shall not release Contractor from any of its obligations hereunder, including but not limited to its warranty and indemnity obligations. Invoices shall not be delivered with goods, but all correspondence and packages related to this Agreement shall reference the applicable PO Number assigned by Company.

**20.02 Taxes:** If Company provides Contractor with an exemption certificate demonstrating an exemption from sales or use taxes in Kentucky, then Contractor shall not withhold or pay Kentucky sales or use taxes to the extent such exemption certificate applies to the Work (such exemption does not and shall not apply to any materials consumed by Contractor in performing the Work). **Contractor agrees that it shall not rely upon Company's direct pay authorization in not withholding or paying Kentucky sales or use taxes.** If Company does not provide Contractor with an exemption certificate demonstrating an exemption from sales or use taxes in Kentucky, Contractor shall be solely responsible for paying all appropriate sales, use, and other taxes and duties (including without limitation sales or use tax with respect



to materials purchased and consumed in connection with the Work) to, as well as filing appropriate returns with, the appropriate authorities. To the extent specifically included in the Contract Price, Contractor shall bill Company for and Company shall pay Contractor all such taxes and duties, but Company shall in no event be obligated for taxes and duties not specifically included in the Contract Price or for interest or penalties arising out of Contractor's failure to comply with its obligations under this Section.

**20.03 Billing of Additional Work:** All claims for payments of additions to the Contract Price shall be shown on separate Contractor's invoices and must refer to the specific change order or written authorization issued by Company as a condition to being considered for payment.

**20.04 Effect of Payments/Offset:** No payments shall be considered as evidence of the performance of or acceptance of the Work, either in whole or in part, and all payments are subject to deduction for loss, damage, costs, or expenses for which Contractor may be liable under any Purchase Order or set-off hereunder. Company, without waiver or limitation of any rights or remedies of Company, shall be entitled from time to time to deduct from any and all amounts owing by Company to Contractor in connection with this Agreement or any other contract with Company any and all amounts owed by Contractor to Company in connection with this Agreement or any other contract with Company.

**20.05 Evidence of Payment to Subcontractors:** Contractor shall, if requested by Company, furnish Company with a certificate showing names of Contractor's suppliers and subcontractors hereunder, and certifying to Company that said suppliers and subcontractors have been paid in full.

#### **ARTICLE 21 ROUTING OF SHIPMENTS**

Company shall have the option of specifying the routing of shipments. If freight is included in the Contract Price, and such specified routing increases Contractor's shipping costs, Contractor shall immediately so notify Company, and should Company still specify the more expensive routing, then Company shall reimburse Contractor for the increase actually incurred thereby.

#### **ARTICLE 22 TERM AND TERMINATION**

**22.01 Term:** This Agreement shall commence on the date set forth above and shall survive in full force and effect until terminated as set forth below. A termination under this Article 22 based on certain Work shall only apply to the Statement of Work that covers such Work. Any Statements of Work that do not relate to such Work shall not be affected by such a termination.

**22.02 Termination for Contractor's Breach:** If the Work to be done under this Agreement shall be abandoned by Contractor, if this Agreement or any portion thereof shall be assigned by operation of law or otherwise, if the Work or any portion thereof is sublet by Contractor without the permission of Company, if Contractor is placed in bankruptcy, or if a receiver be appointed for its properties, if Contractor shall make an assignment for the benefit of creditors, if at any time the necessary progress of Work is not being maintained, or if Contractor is violating any of the conditions or agreements of this Agreement, or has executed this Agreement in bad faith, Company may, without prejudice to any other rights or remedies it may have as a result thereof, notify Contractor to discontinue any or all of the Work and terminate this Agreement in whole or part. In the event that Section 365(a) of the Bankruptcy Code or some successor law gives Contractor as debtor-in-possession the right to either accept or reject this Agreement, then Contractor agrees to file an appropriate motion with the Bankruptcy Court to either accept or reject this Agreement within twenty (20) days of the entry of the Order for Relief in the bankruptcy proceeding. Contractor and Company acknowledge and agree that said twenty (20) day period is reasonable under the circumstances. Contractor and Company also agree that if Company has not received notice that Contractor has filed a motion with the Bankruptcy Court to accept or reject this Agreement within said twenty (20) day period, then Company may file a motion with the Bankruptcy Court asking that this Agreement be accepted or rejected, and Contractor shall not oppose such motion.

**22.03 Effect of Termination for Contractor's Breach:** From the effective date of such termination notice, Contractor shall vacate the site, whereupon Company shall have the right but not the obligation to take possession of the Work wherever located, and Contractor shall cooperate with Company and cause Contractor's subcontractors to cooperate with Company so that Company can effect such possession. In obtaining replacement services, Company shall not be required to request multiple bids or obtain the lowest figures for completing the Work and may make such expenditures as shall best accomplish such completion and are reasonable given the circumstances. The expenses of completing the Work in excess of the unpaid portion of the Contract Price, together with any damages suffered by Company, shall be paid by Contractor, and Company shall have the right to set off such amounts from amounts due to Contractor.

**22.04 Termination for Company's Convenience:** Company may terminate this Agreement or one or more Statements of Work in whole or in part for its own convenience by thirty (30) days' written notice at any time. In such event, Company shall pay Contractor all direct labor and material costs incurred on the Work that is subject to such Termination prior to such notice, plus any reasonable unavoidable cancellation costs which Contractor may incur as a result of such termination, plus indirect costs or overhead on the portion of the Work completed, computed in accordance with generally accepted accounting principles less salvage value. As an alternative to salvage value reduction, Company shall have the right in its sole discretion to take possession of all or part of the Work.

**ARTICLE 23 PUBLICITY**

Contractor shall not issue news releases, publicize or issue advertising pertaining to the Work or this Agreement without first obtaining the written approval of Company.

**ARTICLE 24 CONFIDENTIAL INFORMATION**

All information relating to the Work or the business of Company, including, but not limited to, drawings and specifications relating to the Work, and customer information, shall be held in confidence by Contractor and shall not be used by Contractor for any purpose other than for the performance of the Work or as authorized in writing by Company. In the event that the Contractor assigns the work to one or more subcontractors, a signed confidentiality agreement between the Contractor and each subcontractor(s) will be provided to the Company prior to the provision of any information described in the immediately preceding sentence or the performance of any Work by the subcontractor. All drawings, specifications, or documents furnished by Company to Contractor or developed in connection with the Work shall either be destroyed or returned to Company (including any copies thereof) upon request at any time.

**ARTICLE 25 MISCELLANEOUS.**

**25.01 Waiver:** No waiver by Company of any provision herein or of a breach of any provision shall constitute a waiver of any other breach or of any other provision.

**25.02 Headings:** The headings of Articles, Sections, paragraphs, and other parts of this Agreement are for convenience only and do not define, limit, or construe the contents thereof.

**25.03 Drawings:** If applicable and if required by Company in the Statement of Work, Contractor shall prepare and, within thirty (30) days after the completion of the Project, submit a complete and detailed final set of as-built or as-installed drawings/documents to Company. Design and/or construction drawings/documents shall be updated and corrected to represent what was actually provided and installed. These drawings shall become the property of Company, and may be used in any manner and provided to any person at the sole discretion of Company. Drawings/documents may include maps, project cost estimate, design or project calculations, project studies, design drawings, construction drawings, equipment drawings, and bill of materials. When requested, design and/or construction documents to include engineer's stamp and signature. Contractor shall accompany all document submittal with a transmittal letter containing date, project title and number, Contractor's name and address, title and number of each record document, and Contractor's official signature.

**25.04 Severability:** If any provision of this Agreement shall be held invalid under law, such invalidity shall not affect any other provision or provisions hereof which are otherwise valid.

**25.05 State Law Governing Agreement:** This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky, without regard to its principles of conflicts of laws.

**25.06 Enforcement of Rights:** Company shall have the right to recover from Contractor all expenses, including but not limited to fees for and expenses of inside or outside counsel hired by Company, arising out of Contractor's breach of this Agreement or any other action by Company to enforce or defend Company's rights hereunder.

**25.07 No Third Party Beneficiaries:** Except for Contractor and Company, there are no intended third party beneficiaries of this Agreement and none may rely on this Agreement in making a claim against Company.

**25.08 Order of Precedence** This Agreement and the Exhibits hereto shall be considered complementary and what is required by one shall be binding as if required by all. The failure to specifically list a requirement in one document, once this requirement is specifically listed in another, shall not imply the

inapplicability of such requirement and Contractor shall provide as part of this Agreement all items required to conform to the project scope and standards herein contained. In the event of a conflict between the body of this Agreement and the Exhibits, the body of this Agreement shall govern. Later dated Exhibits shall take precedence over earlier dated Exhibits. The latest date of an amendment or Change Order shall take precedence over that part of this Agreement which it supersedes.

**25.09 Notices:** All notices and communications respecting this Agreement shall be in writing, shall be identified by the applicable PO Number, shall be designated for Company, and shall be addressed as follows (which address either party may change upon five (5) days prior notice to the other party):

**To EKPC:**

East Kentucky Power Cooperative  
Attn: Director, Supply Chain  
4775 Lexington Road  
PO Box 707  
Winchester, Kentucky 40392-0707

**To Contractor:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax No. \_\_\_\_\_

IN WITNESS WHEREOF, the parties have entered into this Agreement on the date set forth in the introductory paragraph of this Agreement.



**EAST KENTUCKY POWER COOPERATIVE**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name (Please Print)*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Date*

**CONTRACTOR**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name (Please Print)*

\_\_\_\_\_  
*Title*

\_\_\_\_\_

**EXHIBIT A**

**STATEMENT OF WORK**

**DESCRIPTION OF WORK:**

Program Administration and Management of East Kentucky Power's Appliance Recycling and assist with the operation of EKPC's Energy Star Appliance Program.

**LIST OF CONTRACT DOCUMENTS:**

The General Services Agreement, including all Exhibits, Schedules, and any written Amendments and Addendums which may be agreed to by the parties; Purchase Order for a specific project, including the Project Schedule, or other Exhibits; Special Terms and Conditions; Drawings; Specifications; EKPC's Request for Proposal (if one is used) and Quote.

**EXHIBIT B**  
**FEE SCHEDULE**



## EXHIBIT C

### ARTICLE 15 INSURANCE

**15.01 Contractor's Insurance Obligations:** Contractor shall provide and maintain, and shall require any and all subcontractors to provide and maintain, with an insurance company authorized to do business in the Commonwealth of Kentucky and otherwise acceptable to EKPC the following insurance:

- a) Workers Compensation and Employer's Liability Policy: Prior to the start of the Work, Contractor shall submit evidence of Contractors Workers' Compensation and Employer's Liability Insurance Policy, and each such policy shall include:
  - 1) Workers' Compensation (statutory benefits coverage) Insurance in accordance with the laws of the Commonwealth of Kentucky
  - 2) Employer's Liability with a minimum limit of One Million Dollars (\$1,000,000) with respect to Bodily Injury Each Accident/(\$1,000,000) Bodily Injury by Disease Each Employee/(\$1,000,000) Bodily Injury by Disease Policy Limit.
  - 3) United States Longshoremen and Harbor Workers Act Endorsement (WC 00 0106); if exposures warrant.
  - 4) Maritime "Jones Act" Endorsement (WC 00 02 01); if exposures warrant.
  - 5) Federal Employer's Liability Act Endorsement "FELA" (WC 00 01 04); if exposures warrant.
  - 6) Federal Coal Mine Health and Safety Act Coverage Endorsement (WC 00 01 02); if exposures warrant.
  
- b) Commercial General Liability Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Policy providing Commercial General Liability Insurance, with combined single minimum limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Occurrence/Two Million Dollars (\$2,000,000) General Aggregate and the following coverages:
  - 1) Coverage for premises and operations, including Work let or sublet.
  - 2) No exclusion of coverage for Blanket Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Contract.
  - 3) No exclusion for Broad Form Property Damage hazard.
  - 4) No exclusion for liability arising out of blasting, collapse, and underground property damage hazards.
  - 5) Products and Completed Operations Liability Coverage with a Two Million Dollars (\$2,000,000) Aggregate Limit. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work.
  - 6) Personal and Advertising Injury Liability coverage with a One Million Dollar (\$1,000,000) Limit and Contractual Liability Exclusion (#5) eliminated.
  - 7) Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under this agreement, with Contractor's policy deemed to be primary.
  - 8) Said policy shall be endorsed to provide that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
  - 9) Coverage shall be amended to provide for Aggregate Limit of Liability at each project or jobsite.
  - 10) Should policy contain a deductible clause for bodily injury or property damage liability, said deductible shall be shown on the Certificate of Insurance, and Contractor's carrier shall agree to pay any such claims "first dollar" and then recover the deductible amount from Contractor.

- c) Commercial Automobile Liability Insurance Policy: Prior to the start of Work, Contractor shall provide evidence of Contractor's Commercial Automobile Liability Insurance Covering the use of all owned, non-owned and hired automobiles, with a minimum combined single limit for bodily injury and property damage of One Million Dollars (\$1,000,000) each Accident with respect to Contractor's vehicles assigned to or used in performance of Work under this Contract. Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under this agreement, with said policy designated to be primary. Said policy shall include an endorsement providing that the underwriter(s) have waived their Rights of Recovery Against Others (subrogation) against EKPC and EKPC's insurance carrier(s).
- d) Aircraft Public Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Aircraft Public Liability Insurance covering fixed wing and rotorcraft aircraft whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury an property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s).
- e) Marine Liability Insurance: If applicable, Contractor shall provide prior to the start of Work, evidence of Contractor's Marine Liability Insurance, including if appropriate Wharfinger's Liability, covering the operation of waterborne vessels whether owned, non-owned, leased, hired or assigned with a combined single minimum limit for bodily injury an property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage. Said policy shall include an endorsement providing that the underwriter(s) have waived their rights of subrogation against EKPC and EKPC's insurance carrier(s). Said policy shall name EKPC as an Additional Insured to the extent necessary to fulfill Contractor's indemnity obligations under this agreement, with Contractor's policy deemed to be primary.
- f) Environmental Impairment ("Pollution") Liability Insurance: If applicable, Contractor shall provide prior to the start of work, evidence of Contractor's Environmental Impairment Liability Insurance covering Contracting operations. Said policy shall extend to Contractor's use of vehicles as well as Contractor's operations and work, and shall provide for monitoring, testing, cleanup and remediation expenses. Limits of liability shall not be less than \$1,000,000 Each Occurrence. Said policy shall be endorsed to provide Additional Insured status of EKPC and shall be endorsed to provide Waiver of Subrogation in favor of EKPC.
- g) Umbrella/Excess Liability Insurance: Contractor shall provide prior to start of work evidence of Contractor's Umbrella or Excess Liability Insurance providing excess limits of liability over and above the primary policies outlined in Items (A) Employers Liability, (B) Commercial General Liability, and (C) Commercial Automobile Liability above, and if applicable Item (F) Environmental Impairment ("Pollution") Liability Insurance. Said policy shall provide in the minimum Two Million Dollars (\$2,000,000) Each Occurrence and, Two Million Dollars (\$2,000,000) in the Aggregate. Said policy shall be "follow-form" to the extent of coverage provisions in the primary forms (A) (B) (C) and (E) with regards to coverage terms and policy provisions. Said coverage must continue in force for a minimum of two (2) years from the Acceptance of Work by EKPC.
- h) It is understood and agreed that East Kentucky Power Cooperative, Inc. is included as additional insured on a primary non-contributory basis with respect to General Liability, Marine, Pollution, Environmental, and Auto policies; Umbrella policy follows form. Waiver of Subrogation is afforded for General Liability, Marine, Pollution, Environmental and Auto policies; Umbrella policy follows form.

**15.02 Quality of Insurance Coverage:** The above policies to be provided by Contractor shall be written by companies satisfactory to EKPC or having a Best Rating of not less than A- ("Excellent"). These

policies shall not be materially changed or cancelled except with thirty (30) days written notice to EKPC from the Contractor and the Insurance Carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to:

ATTN: Risk Management  
East Kentucky Power Cooperative, Inc.  
P. O. Box 707  
Winchester, KY 40392-0707

**15.03 Implication of Insurance:** EKPC shall not be obligated to review any of Contractor's Certificates of Insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Minimum limits and coverages required under this Article should not be construed to necessarily be adequate for Contractor's own insurance and risk management needs. Any receipts of such documents or their review by EKPC shall not relieve Contractor from or be deemed a waiver of EKPC's rights to insist on strict fulfillment of Contractor's obligations under the Contract.

**15.04 Certificates of Insurance:** EKPC reserves the right to request and receive a summary of coverage of any of the above policies or endorsements.

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2014-00363**  
**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 10/21/14**  
**REQUEST 4**

**RESPONSIBLE PARTY:**           **Scott Drake**

**Request 4.**           Refer to the proposed ARP tariff — Assumption sheet under Administrative Cost.

**Request 4a.**           Explain what "4 only" is.

**Response 4a.**           "4 only" is a typographical error. It was left over from an earlier version of the program that looked at 2014 only. Please see page 3 of 3 to this response for a corrected version of the assumptions sheet in this response, and EKPC apologizes for the confusion.

**Request 4b.**           Explain whether the \$81 per participant is the Appliance Cost Fee — Paid to Contractor for Promotion, Enrollment, Pickup, Recycling, and Program Admin Costs, and whether this is part of the annual cost of the program.



**Response 4b.** Yes, the \$81 per participant is the appliance cost fee paid to the contractor for promotion, enrollment, pickup, recycling and program administrative costs. This cost is part of the annual cost of the program. It is a variable cost and is separate from the fixed annual costs also described in the assumptions sheet.

**For Tariff Filing 2014**

Refrigerator/Freezer Recycling  
 Aug-14 ***KU rebate; includes advertising costs; incorporates contractor pricing***

This program provides collection and disposal of old, inefficient freezers. Members are paid a bounty for each freezer turned in and taken off of the grid. The freezer will be turned over to a licensed recycler.

<u>Assumption</u>	<u>Source</u>
<p><b>Load Impacts</b>                      Before Participant                      696 kWh, 0.07 kW (coincident with winter peak), 0.10 kW (summer)</p> <p>After Participant                      0 kWh, 0.00 kW (coincident with winter system peak), 0.00 kW (summer)</p>	<p>Weighted average usage for a pre-2000 appliance (refrigerator or freezer), where weights are expected levels of participation for refrigerators (783 kWh) and freezers (525 kWh)</p> <p>The appliance is removed from the grid.</p>
<p><b>Lifetime of savings</b></p> <p><b>Generation Capacity Cost - EE = combined cycle, 100% summer \$119.00 in 2013</b></p> <p><b>Avoided Electricity Energy Costs - PJM Market</b></p>	<p>7 Years based on Xcel and Vermont reports</p> <p>Combined Cycle Baseload unit. 100% allocation to summer based on ACES July 1 2014 energy forward curve for AEP_Dayton. DSMore <b>Scenario 1, 0.717 esc in 2015</b></p>
<p><b>Participant Costs \$ 0</b></p>	<p>No out of pocket expense is incurred by the participant</p>
<p><b>Administrative Cost</b>                      EK \$8,250 one time set up fee; \$40,000 per year admin (2015-2017); plus \$81 per participant</p> <p>Co-op \$0 per new participant</p>	<p>\$16,000 annual fixed cost is for advertising and EM&amp;V. \$24,000 annual fixed cost is admin fee to contractor. Per appliance cost is fee paid to contractor for promotion, enrollment, pickup, recycling and program admin costs.</p> <p>EKPC pays all costs for this program directly</p>
<p><b>Rate Schedule - Retail</b>                      Average Residential Rate for Co-ops                      Cust chrg \$9.62, Energy Rate \$.08966</p> <p><b>Rate Schedule - Wholesale</b>                      East Kentucky E-2 rate.</p>	<p>Current rates in effect as of June, 2011.</p> <p>Current rates in effect as of June, 2011.</p>
<p><b>Participation</b> - 2,340 new per year, 3 years (2015-2017). 36% free riders.</p>	<p>Harvest rate of 3.5% per year based on results from PG&amp;E and Pacificorp. Free rider estimate based on ADM study for CA and Fort Collins study</p>
<p><b>Rebates</b>                      Co-op to Participant \$ 50                      EK to Co-op \$ 140</p>	<p>Bounty fee. Based on KU program                      100% of Rebate plus 5 years net lost revenues</p>

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2014-00363**  
**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 10/21/14**  
**REQUEST 5**

**RESPONSIBLE PARTY:**               **Scott Drake**

**Request 5.**               Provide, for years 2015-2017, the projected annual cost of the ESA and ARP programs.

**Response 5.**               Please see the chart below.

Year	Energy Star Appliances	Appliance Recycling
2015	\$3,946,375	\$565,390
2016	\$4,052,046	\$568,283
2017	\$4,166,295	\$579,648

**EAST KENTUCKY POWER COOPERATIVE, INC.**  
**PSC CASE NO. 2014-00363**  
**RESPONSE TO INFORMATION REQUEST**

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 10/21/14**  
**REQUEST 6**

**RESPONSIBLE PARTY:**                 **Scott Drake**

**Request 6.**                 Explain the impact of the ESA and ARP programs to EKPC's overall DSM portfolio and the amount of DSM costs in base rates.

**Response 6.**                 The following table shows the impact of the ESA and ARP programs, in kWh savings, attributed to new participants in the programs for the years 2015 through 2017. The table shows the impact of the two programs separately, and then together, in comparison to the impacts for the portfolio of all active DSM programs during the same period.

**Annual kWh savings (net), at the retail meter from participation in years 2015-2017**

<b>Year</b>	<b>ESA</b>	<b>ARP</b>	<b>ESA and ARP Combined</b>	<b>Total Portfolio</b>	<b>ESA + ARP % of portfolio</b>
2015	5,634,048	1,043,827	6,677,875	27,977,644	23.9%
2016	11,268,097	2,087,654	13,355,751	57,131,597	23.4%
2017	16,902,145	3,131,482	20,033,627	88,864,250	22.5%



During this time period, the impact of the ESA and ARP programs combined represents approximately 23% of the total for the overall DSM portfolio.

The DSM expenditure portion of the last EKPC base rate case test year did not include this new program. Therefore, this and any other new DSM program expenditure is not allocated within the current base rate. This DSM program expenditure is funded in future budgets and any such expenditure will therefore reduce EKPC's annual margin.