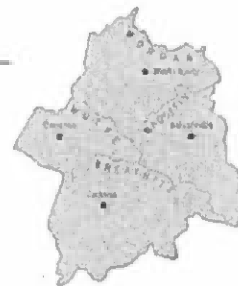


LICKING VALLEY
RURAL ELECTRIC COOPERATIVE CORPORATION
P. O. Box 605 • 271 Main Street
West Liberty, KY 41472-0605
(606) 743-3179



KERRY K. HOWARD
General Manager/CEO

January 06, 2015

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
PO Box 615
Frankfort KY 40602-0615

RE: Application of Licking Valley Rural Electric Cooperative Corporation for an order
Approving KY Energy Retrofit Rider Permanent Tariff

Dear Mr. Derouen:

Licking Valley Rural Electric Cooperative Corporation (Licking Valley RECC) is petitioning the Commission by application to issue an Order approving a permanent on-bill financing program based upon the tariff sheets and other supporting documentation attached to this application. This program will be titled "Kentucky Energy Retrofit Rider" (KER Rider), and Licking Valley RECC will partner with the Mountain Association for Community Economic Development ("MACED") to operate the program.

Please be advised that Mr. Kerry K. Howard, General Manager/CEO for Licking Valley RECC, is the witness responsible for Licking Valley RECC's filing.

Should you have any questions or need further information, please let me know.

Sincerely,

Kerry K. Howard
General Manager/CEO

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

APPLICATION OF LICKING VALLEY RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	Case No.
FOR AN ORDER APPROVING KY ENERGY)	2014-_____
RETROFIT RIDER PERMANENT TARIFF)	

APPLICATION

Licking Valley Rural Electric Cooperative Corporation ("Licking Valley RECC") hereby petitions the Commission by application to issue an Order approving a permanent on-bill financing program based upon the tariff sheets and other supporting documentation attached to this application. This program will be titled "Kentucky Energy Retrofit Rider" ("KER Rider"), and Licking Valley RECC will partner with the Mountain Association for Community Economic Development ("MACED") to operate the program.

Licking Valley RECC requests that Case Nos. 2010-00089, 2012-00484, and 2013-00398, as well as the periodic reports on those cases that have been submitted semi-annually, be incorporated into the record of this case by reference.

In support of this application, Licking Valley RECC states:

1. Licking Valley RECC's post office address is 271 Main Street, Post Office Box 605, West Liberty Kentucky 41472
2. A certified copy of Licking Valley RECC's Articles of Incorporation is attached as Exhibit D.
3. There are no applicable statutes, regulation, or Commission Orders that require Licking Valley RECC to publish or file notice of this application prior to, or

contemporaneously with, the filing hereof. In particular, the provisions of 807 KAR 5:011 do not require publication of filing of notice.

4. Licking Valley RECC is a public utility, as defined in KRS 278.010(3)(a), and is a non-profit corporation engaged in the electric business. Licking Valley RECC purchases, distributes, and sells electricity at retail in Breathitt, Elliott, Lee, Rowan, Magoffin, Menifee, Morgan, and Wolfe counties. East Kentucky Power Cooperative, Inc. ("EKPC") is the wholesale power provider for Licking Valley RECC.¹

5. MACED was founded in 1976 as a private, non-profit corporation organized to provide comprehensive community development to support Appalachian communities by enhancing employment and living conditions in the area. MACED's major programs consist of business development, sustainable forestry, energy efficiency, and public policy research and education. MACED is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code as a non-profit organization other than a private foundation. MACED serves Kentucky and Central Appalachia, with a focus on the 54 Appalachian counties of Kentucky as designated by the Appalachian Regional Commission.²

PROPOSED PROGRAM

6. The KER Rider will be a voluntary program available to qualifying residential and commercial/small industrial customers of Licking Valley RECC.

¹ EKPC assisted in the KERR Pilot by facilitating discussions and coordinating the circulation of draft documents in conjunction with the proposed program. However, as no changes are required to its tariffs as a result of the proposed program, EKPC is not an applicant in this proceeding.

² The counties are Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley and Wolfe.

Customers pay for energy-efficiency retrofits from the savings produced by the retrofits on the customer's electric bill. Retrofit costs will be capped at 90 percent of the estimated savings so that customers' bills will be smaller, on average, than they were before making the efficiency improvements. The retrofit program charge will appear as a separate line item on the bills of customers participating in the program.

7. Licking Valley RECC and/or its agent will (1) market and administer the program; (2) prequalify eligible locations; (3) perform energy audits to produce conservation plans; (4) certify and maintain a list of contractors, and arrange for a certified contractor to install retrofit measures; (5) act as the customer's representative in verifying suitability of proposed retrofits, estimated savings, satisfactory installation of retrofit measures, and evaluating ongoing performance or need for repair of measures; (6) file Uniform Commercial Code ("UCC") disclosures with the county clerk for each location and provide copies to the customer; and (7) disclose pre-existing retrofit investment benefits and costs to new customers. The Proposed Tariff is attached as Exhibit A.

8. The proposed KER Rider requires the development of a "Conservation Plan" for each retrofit option proposed for a customer. The Conservation Plan is a detailed analysis of the expected savings and costs for each proposed option, with a full disclosure of the financing of the option. Copies of Conservation Plans developed during the Pilot Program (as described below) were submitted with each semi-annual report as required by the Commission.

9. Participating residential customers will be able to select from among general groups of measures, including but not limited to: (1) insulation improvements;

(2) air sealing; and (3) improvements in HVAC equipment. Commercial/small industrial accounts will have these options, plus an option for lighting improvements and upgrades.

10. The funding for the program administration, including data infrastructure, administration and implementation, will come from a combination of program revenues, existing funds, and proposals pending with private foundations and public funding sources. Licking Valley RECC and MACED will review existing funding sources, including philanthropic grants, regularly and make adjustments to the revenue structure of the program as appropriate to ensure the long-term financial sustainability of the program. MACED has developed a schedule of services provided under the program to ensure the long term sustainability of the program. The fee for these services is negotiated with each cooperative depending on the level of service needed. That agreement is documented in a Kentucky Energy Retrofit Program Memorandum of Agreement, which is attached as Exhibit C.

11. The capital for the investments will continue to come from funding MACED has on hand from private foundations and the U.S. Department of Treasury Community Development Finance Institution ("CDFI") Fund, other federal sources, and MACED's net assets. MACED is a certified CDFI.

12. MACED will continue to support a common data infrastructure to pool program data and measurements of key variables to streamline program evaluation and highlight opportunities for design improvement. Key evaluation questions include (a) are energy retrofits cost effective for utility customers; (b) are energy savings realized; and (c) how accurate are cost and energy savings estimates? Working with Licking

Valley RECC, MACED will continue to collect and analyze the data to answer these questions on an ongoing basis during the operation of the program. Based upon the experience of cooperatives in the Pilot Program, it is estimated that Licking Valley RECC's administrative costs will be negligible.

13. The KER Rider has been designed to reduce financial risks at all stages of development. Licking Valley RECC will join the existing pooled Risk Mitigation Fund established for participating EKPC cooperatives whereby a portion of the project fee -- currently assessed as five percent of the capitalized cost of projects -- will be allocated to a shared fund in case of a total loss. Licking Valley RECC will notify the Commission if the balance of the fund falls below the amount designated in existing tariffs.

PILOT AND PERMANENT PROGRAMS BY OTHER KENTUCKY UTILITES

14. Big Sandy Rural Electric Cooperative Corporation ("Big Sandy"), Fleming-Mason Energy Cooperative, Inc. ("Fleming-Mason"), Grayson Rural Electric Cooperative Corporation ("Grayson"), and Jackson Energy Cooperative Corporation ("Jackson") received permission from the Commission by order dated December 16, 2010 in Case No. 2010-00089 to establish a Pilot Program for the KER Rider ("Pilot Program"). Big Sandy, Fleming-Mason, and Grayson received permission from the Commission by order dated August 26, 2013 in Case No. 2012-00484 to implement a permanent KER Rider. Jackson subsequently filed an application for permission for a permanent KER Rider in Case No. 2013-00398. The Commission granted Jackson permission to enact the program under the proposed tariff by order dated April 7, 2014.

15. During the Pilot Project, MACED along with Big Sandy, Fleming-Mason, Grayson and Jackson completed 107 projects, and 192 Energy Assessments were

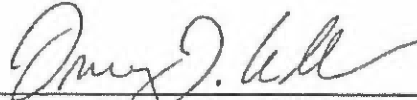
completed. Only three locations became inactive, with two resulting from foreclosure and one temporarily inactive due to a natural disaster. A total of \$773,763.00 was invested in retrofits, with \$557,773.00 in capital deployed. The average monthly charge to customers was \$38, with an average projected monthly savings of \$50 and an average annual savings of \$600. MACED has estimated that the projected annual kWh savings from projects completed during the Pilot Project is 530999 kWh, with a carbon dioxide offset of 366.39 metric tons. The projects created or saved 6 jobs. The average payback period for the completed projects was calculated to be 14.5 years. Big Sandy, Fleming-Mason, Grayson and Jackson have received no complaints from customers, and required no additional staff and incurred no substantive administrative costs.

ATTACHMENTS

16. Attached to this application are the following documents associated with the KER Rider and the on-bill financing program:

- a. Exhibit A – Proposed KER Rider
 - b. Exhibit B – Prepared Testimony from Licking Valley RECC and
MACED
 - c. Exhibit C – Kentucky Energy Retrofit Program Memorandum of
Agreement
 - d. Exhibit D – Licking Valley RECC Articles of Incorporation
-

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Amy J. Hill". The signature is written in black ink and is positioned above a horizontal line.

[Counsel for Licking Valley RECC]

Form for Filing Rate Schedules
Licking Valley Rural Electric
Cooperative Corporation
Post Office Box 605
West Liberty KY 41472

For All Territory Served
P.S.C. No. 3
Original Sheet No. 1

Name of Issuing Corporation

Kentucky Energy Retrofit Rider

AVAILABILITY

The KY Energy Retrofit Rider (Rider) is a voluntary tariff available to customers for the purpose of improving resource efficiency and reducing energy consumption and net customer bills. The Rider is only available to qualifying customers taking service under Schedule A – Residential, Farm, Small Community Halls, and Church Service; Schedule B – Commercial and Small Power Service; Schedule LP – Large Power Rate.

Definitions:

Agent – party acting on behalf of the company as defined under Kentucky law.

Company – utility Company implementing the tariff.

Contractor – The individual or company installing a Retrofit.

Customer – The purchaser of utility services at a property that includes a Retrofit or who is applying for a Retrofit. May be an owner or a tenant.

Owner/Landlord – The owner of the property where the retrofit is being installed. May also be the Customer of the utility, or just the landlord.

Retrofit – the energy efficiency improvement being funded as part of utility service, including efficiency improvements to new construction.

Retrofit Project Charge – The monthly payment from the Customer to the Company covering the Retrofit service/amortization.

Terms and Conditions – Any and all regulations, guidelines, and agreements under which the Company provides service to the Customer.

RETROFIT INVESTMENT AND REPAYMENT TERMS

1. No up-front investment is required by Customers. The initial cost of approved efficiency measures will be paid by the Company or its Agent.
2. The Retrofit repayment obligation shall be assigned to the premises and will survive changes in ownership and/or tenancy.

Date of Issue January 06, 2015

Date Effective February 05, 2015

Issued By  General Manager/CLO

Issued by authority of an order of the Public Service Commission of Kentucky

Case No. _____ Dated _____

Form for Filing Rate Schedules
Licking Valley Rural Electric
Cooperative Corporation
Post Office Box 605
West Liberty KY 41472

For All Territory Served
P.S.C. No. 3
Original Sheet No. 2

Name of Issuing Corporation

3. Retrofit program costs shall be recovered through a monthly line item Retrofit Project Charge on the utility bill.
4. The Retrofit Project Charge shall be part of the Company's charges for basic utility service. Failure to make payment may result in disconnection in accordance with the Company's approved Terms and Conditions.
5. The Retrofit Project Charge must be less than ninety (90) percent of the estimated average savings associated with the investment.
6. Company or its Agent will be responsible for estimating resource savings and developing a Conservation Plan upon which the Retrofit Project Charge will be based.
7. Although the Company and its Agent(s) expect that all Customers will receive lower monthly utility bills, there is no guarantee of savings.
8. If a Retrofit measure is reported to be faulty, the Company or its Agent will assess (verify the failure), suspend Retrofit Project Charges to the degree that savings are compromised, initiate and verify repairs, assign cost to responsible party and reinstitute Retrofit Project Charges.
9. When an account is closed, the outstanding balance of the Retrofit obligation remains with the meter/facility until the account is reopened combined with another account/service or its meter/facility is transferred to a new Customer, at which time Retrofit repayments will resume as part of service to that meter/facility until paid in full.

CONSERVATION PLAN

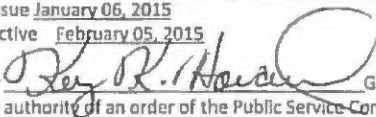
The Conservation Plan will be developed by the Company or its Agent and specify measures recommended by the Company to the prospective Retrofit Customer.

The Conservation Plan includes:

- Plan Scope – The Conservation Plan will include a detailed description of each retrofit option proposed. The estimated and maximum amounts of financing the Company/its Agent would pay/invest towards each retrofit would be identified. If energy savings are not completely justified on a cost basis, the Conservation Plan will include the amount Customer would pay or invest to 'buy down' the remaining project balance to what can be amortized by energy savings/on-bill repayment. There will also be a financial summary of the cumulative projected on-bill repayments including: amount of cumulative program fees repaid; amount of cumulative interest repaid; amount of cumulative principle repaid; and total amount to be repaid over the life of the investment.

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Post Office Box 605
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For All Territory Served
P.S.C. No. 3
Original Sheet No. 3

Name of Issuing Corporation

- **Estimated Resource Savings** – The modeled change(s) in cost of resources consumed at the premises attributable to the efficiency measure(s) recommended. The Company or its Agent will be solely responsible for savings estimates and will use generally accepted modeling software and techniques.

Retrofit Project Charge – The charge to be included on Customer’s utility bill based on the cost of the proposed measure(s) and the resulting savings. The Company will be solely responsible for calculating the Retrofit Project Charge utilizing its standard economic model of discounted cash flows. To the extent available, Company will incorporate grants and low-interest funds into calculation of Retrofit Project Charges for the benefit of Customers who meet qualifying guidelines of such funding sources. In calculating the Project Charge, the Company may add five (5) percent of the capitalized cost of proposed projects as bid by contractors or vendors to offset Retrofit program costs. The annual interest rate used to calculate the Retrofit Project Charge shall be no more than the cost of the capital used by the capital provider to finance the project.

- **Audit Fee** – A Customer or Landlord may be charged a \$200 Audit Fee for complete Conservation Plans. The charge will be waived for program participants or when the Conservation Plan yields less than \$1,000. in improvements that can be paid for by the Company through the program. The charge will be assessed no sooner than (90) days after the Conservation Plan has been provided to the Customer.
- **Number of payments** – The number of periods for which Retrofit Project Charge will apply at the premises. In no case shall the duration of the Retrofit Project Charge exceed seventy-five (75) percent of the estimated life of measure or fifteen (15) years, whichever is less.
- In the event that multiple measures are being completed as part of a Conservation Plan, the Project Charge will not appear on the Customer’s bill until all measures have been completed.

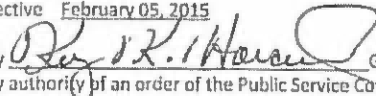
A Customer’s and Landlord’s signature on the Retrofit Agreement shall indicate acceptance of the Conservation Plan.

“BUY DOWN” ALTERNATIVE

A Customer or Landlord may elect to “buy down” the cost of implementing an efficiency measure so that the Retrofit Project Charge will be less than the average estimated monthly savings. In this way, measures that might not otherwise yield sufficient economic savings to pay for themselves may still be approved. Prior to Company approval of a Conservation Plan that includes one or more uneconomic

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For All Territory Served
P.S.C. No. 3
Original Sheet No. 4

Name of Issuing Corporation

measures, the Customer or Landlord or a third party must agree to pay the amount required to buy down said measure(s) such that the Retrofit charge is no greater than ninety (90) percent of the estimated savings.

NEW STRUCTURES

A Customer or Owner may utilize this Rider to install high efficiency equipment or measures in new structures. The tariff may cover only the incremental cost between the lowest allowable or "standard" efficiency equipment or measure required in the structure and the higher efficiency equipment or measures chosen by the Contractor, Customer or Owner. Under any circumstances, the Retrofit Project Charge, to appear on the participant's bill must be less than the average estimated cost of resources saved by purchase of the higher efficiency equipment or measures.

RESPONSIBILITIES

Responsibilities, understandings and authorizations of the Customer, Company, landlord (if applicable) and Contractor shall be evidenced by this Rider and written agreements, notifications and disclosures/consents, the forms of which are incorporated into this Rider by reference.

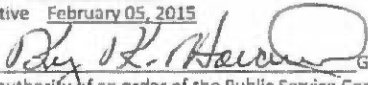
The Company/its Agent(s) will:

1. market and administer the program,
2. prequalify eligible locations,
3. perform energy audits to produce the Conservation Plans,
4. certify and maintain a list of Contractors, and arrange for a certified Contractor to install retrofit measures,
5. act as Customer's representative in verifying suitability of proposed retrofits, estimated savings, satisfactory installation of retrofit measures, and evaluating ongoing performance or need for repair of measures,
6. file UCC disclosures with County Clerk for each location,
7. disclose pre-existing retrofit investment benefits and costs to new Customers.

The Company will not be liable for any decisions or actions taken by its Agent, including but not limited to selection of measures, savings estimates, decisions on repairs or extending payment terms to collect missed payments and repair costs, or injury or damage to homes related to installation or use of retrofit measures.

Date of Issue January 06, 2015

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Case No. _____ Dated _____

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Cooperative Corporation
Post Office Box 605
West Liberty KY 41472

For All Territory Served
P.S.C. No. 3
Original Sheet No. 5

Name of Issuing Corporation

The Company will not be liable for any failure by the previous occupant, building owner or landlord to disclose a Customer's payment obligation.

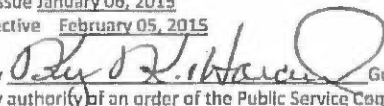
Company will not be liable for Contractor's work. Any verification by the Company or its Agent and request that the Company initiate Retrofit charges in no way limits the installing Contractor's and product manufacturer's liability as per contractual agreement with the Company/its Agent and under State law.

The written agreements include:

- **KY Retrofit Purchase Agreement** – Establishes permission and terms for program participation, clarifies charges involved in the program, roles and responsibilities of each party, and notification requirements. Customer responsibilities include signing agreement to participate, providing access to the Company, its Agent and retrofit Contractor(s) for audit, retrofit, inspection and repairs, payment of retrofit charges included in utility bills, becoming informed about routine operation of retrofits, informing the Company if an installed retrofit measure fails or malfunctions, being responsible for all costs associated with Customer damage or neglect and accepting cost for out-of-warranty repairs. Owner responsibilities include agreeing to have retrofit installed, maintaining retrofits, written notification to prospective tenants or purchasers of the property so new occupants sign that they are informed of the energy investment burden on the meter, and fulfillment of Customer responsibilities any time metered location is in the Owner's name. Residential locations will have repayment terms of up to 15 years, while commercial property locations will have a maximum repayment term of 10 years and require loan security on investments greater than \$20,000.
- **Master Contractor Agreement** – Establishes that the contractor agrees to do the work as specified in the Conservation Plan. If the contractor needs to deviate from the Conservation Plan, the contractor will secure written authorization from the Company in advance. The Contractor is responsible for all aspects of his/her work, energy savings if provided, and all permits, insurance coverage warranties, bonding and representation. The contractor will not charge more than the final approved estimate for the work performed. The Agreement states that the Company is not responsible for the contractor's work, but the Company does act as an intermediary in attempting to resolve any disputes.

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Case No. _____ Dated _____

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West Liberty KY 41472

For All Territory Served
P.S.C. No. 3
Original Sheet No. 6

Name of Issuing Corporation

TRANSITION IN ROLES

Unless otherwise specifically set forth in a standard Retrofit purchase agreement made part of this Rider, responsibility for outstanding Retrofit obligations falls on the successor party when the roles of the Customer, Owner or tenant change, provided the required disclosure is made and consent to assume the obligation is obtained. For example: If a tenant purchases and apartment complex, that individual assumes the obligations of Owner if disclosure is made and consent is obtained.

FAILURE TO MAKE REPAYMENT

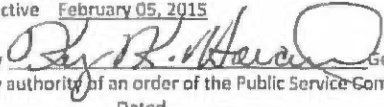
The Customer or Landlord is obligated to pay for overall utility service which includes both the electric service provided and the repayment of the energy efficient investment as presented on the monthly bill. In the event no payment is made and the total monthly bill become past due, then delinquency will be handled in accordance with the Company's approved Terms and Conditions.

OTHER

1. This Rider applies to Retrofit measures permanently installed as fixtures at the premises. Portable efficiency products such as commercial lighting may be included where preapproved and documented by the Company/its Agent. The Company will solely determine which measures or products may be included in the Retrofit Program.
2. Measures will be owned by the capital provider for tax or carbon credit purposes until Retrofits have been fully paid off, however if tax credits can only be applied for by Customer, than Customer shall retain eligibility.
3. The Company or its Agent will determine the eligibility of a Customer based upon the Customer's bill payment history with the Company, projected energy savings and program capacity. At its sole discretion, the Company may determine a property is not eligible for the program and does not qualify for this Rider if:
 - a. The structure has an expected life shorter than the payback period, or
 - b. The structure does not meet applicable public safety or health codes.

Date of Issue January 06, 2015

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For All Territory Served
P.S.C. No. 3
Original Sheet No. 7

Name of Issuing Corporation

-
4. At its sole discretion, the Company will determine the maximum Retrofit program investment in any year.

 5. The initial term of the Retrofit Purchase Agreement may be extended by the Company or its Agent to recover its costs for out-of-warranty repairs or missed payments.

 6. If a location is dormant for more than one year, or the underlying facility has been destroyed, any outstanding retrofit balance net of insurance reimbursement may be charged as less in accordance with the Company's approved Terms and Conditions.

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Case No. _____ Dated _____

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

APPLICATION OF LICKING VALLEY RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	Case No.
FOR AN ORDER APPROVING KY ENERGY)	2014-_____
RETROFIT RIDER PERMANENT TARIFF)	

PREPARED TESTIMONY OF KERRY K. HOWARD from LICKING VALLEY

RURAL ELECTRIC COOPERATIVE CORPORATION

- Q1: Please state your name and business address.
A1: My name is Kerry K. Howard and my business address is 271 Main Street; Post Office Box 605; West Liberty, Kentucky.
- Q2: What is your occupation?
A2: General Manager/CEO for Licking Valley Rural Electric Cooperative Corporation (Licking Valley RECC).
- Q3: How long have you been employed at your organization?
A3: I have been employed since January of 2005.
- Q4: What is your education and work experience?
A4: I have a Bachelor of Science Degree from Morehead State University. Before my employment at Licking Valley RECC I managed the Howard Engineering Firm 1982 – 2005.
- Q5: What is your role in administering the KY Energy Retrofit Rider (How\$martKY™) program at your Cooperative?
A5: I am the General Manager of Licking Valley RECC and will see that the program is administered effectively..
- Q6: What criteria will your Cooperative use to determine what retrofits can be financed?
A6: Generally speaking we all want to be sure that the home is physically going to be around in ten, fifteen, twenty years such that the energy efficiency improvements will be worthwhile. In accordance with program guidelines and the tariff the location must be current on the last 12 months of utility bills and that only 90% of

the savings is used to determine the maximum amount that can be financed. Licking Valley RECC will also screen retrofits based on payment history and the stability of the structure and member.

- Q7: How will your Cooperative market this program to its membership?
A7: Licking Valley RECC plans to social media, our website, Kentucky Living magazine, local newspapers and local radio and television.
- Q8: How does your Cooperative plan to explain repayment obligations to individual members, including the filing of UCC Financing Statements?
A8: The monthly bill will increase with the monthly payment but, that increase should be offset with savings on the monthly Kwh usage.
- Q9: How does your Cooperative plan to determine which administrative and capital costs will be borne by the Cooperative and which costs will be borne by MACED?
A9: Both administrative and capital costs will be allocated based on the Kentucky Energy Retrofit Program Memorandum of Agreement attached to the Application.
- Q10: Does this conclude your testimony in this case?
A10: Yes, it does.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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FOR AN ORDER APPROVING KY ENERGY)	2014-_____
RETROFIT RIDER PERMANENT TARIFF)	

PREPARED TESTIMONY OF BILL BLAIR from MACED

- Q1: Please state your name and business address.
A1: My name is Bill Blair and my business address is 433 Chestnut Street, Berea, Kentucky 40403.
- Q2: What is your occupation?
A2: I am the How\$martKY program coordinator and the Data Manager for MACED.
- Q3: How long have you been employed at your organization?
A3: I have been working at MACED since June of 2010.
- Q4: What is your education and work experience?
A4: I am a graduate of Eastern Kentucky University with a degree in computer electronics.
I have worked in the information technology field for 23 years.
- Q5: What is your role in administering the KY Energy Retrofit Rider (How\$martKY™) program?
A5: As the How\$martKy program coordinator, I oversee MACED's energy assessment team and support each retrofit following the completion of the job to the customer and cooperative's satisfaction. Developed the application which tracks each retrofit and reports the results of the before and after retrofit utility usage. I also help with gathering these reports to share results of these savings on a regular basis to the Public Service Commission and other relevant stakeholders and funders. Responsible for supporting the finance team at MACED to setup and maintain each retrofit that has been completed and monitor the repayment.
- Q6: How many energy/assessments and retrofits were completed across the pilot program, the total dollar amount financed, and the average amount financed for each retrofit?

A6: As of December 31, 2012, across all four partner energy cooperatives we completed 192 energy assessments and 108 retrofits were completed. The total amount financed was \$557,773 and our average job cost was \$7737 utilizing rebates from our cooperative partners and Kentucky Home Performance the average financed job cost was \$5577.

Q7: In your experience, what has been the overall satisfaction level of the cooperative members that have participated in the program?

A7: Because of the careful attention to quality service, we have heard overwhelmingly positive feedback from participants in the pilot program. One Fleming-Mason customer told us that after the work was done, "our house was the warmest it has been in twenty-four years. And the air-conditioning is great, too. I truly appreciate all the work and wish we could have done it sooner." A Big Sandy customer told us, "having had the work done, living in our house is like 'going from dark to daylight' Our home is so much more comfortable. We've used the heat and the A/C already because of the warm spring, and we couldn't be happier." I think these sentiments show the satisfaction that many of the participating members have felt with the program.

Q8: What criteria do you use to determine what retrofits can be financed?

A8: We have worked with each cooperative to design a check list for the cooperative's auditors to use when evaluating a potential house. This discretion is left to the cooperative, but generally speaking we all want to be sure that the home is physically going to be around in 10, fifteen, twenty years such that the energy efficiency improvements will be worthwhile. This is ultimately a decision that is made by each cooperative, however. In accordance with program guidelines the location must be current on the last 12 months of utility bills and that only 90% of the savings is used to determine the maximum amount that can be financed.

Q9: What trends did you see in administering the pilot?

A9: By looking at the data across the program, we saw consistent pattern of meaningful savings for the participating customers. We normalized the data from the pilot to remove weather fluctuations from our analysis. We found that on average, participating customers saved 21 percent after the retrofit work was done. In terms of our modeling accuracy, we found that the average projected savings calculated by our software model were within a dollar or two of the average actual savings experienced by participating customers. Because the pilot was limited in time and in scale, we look forward to working with more customers and inputting more data into the system. But what we have seen so far supports this program as one of the most effective ways for cooperative members to save money and live more comfortably in their homes.

Q10: Does this conclude your testimony in this case?

A10: Yes, it does.

Kentucky Energy Retrofit Program

Memorandum of Agreement

This Memorandum of Agreement (herein the "Agreement") is made this 13th day of May, 2014 (herein the "Agreement Date"), by and between Licking Valley Rural Electric Cooperative Corporation located at 271 Main Street, West Liberty, KY 41472 (herein the "Utility"), and Mountain Association for Community Economic Development, Inc. (MACED), located at 433 Chestnut Street, Berea, KY 40403 (herein "MACED", the "Data Management Contractor", the "Contractor", the "Capital Provider", and/or the "Agent"); each of the above being a "Party", and collectively the "Parties", to this Agreement.

Whereas the Parties seek to provide the Utility's customers with access to the Kentucky Energy Retrofit (a/k/a HowSmartKY™ and herein "KER") Rider for the purchase and installation of cost-effective, energy efficient products, the Parties agree to the responsibilities as assigned and described below.

MACED will serve as a partner with the Utility in conducting the HowSmartKY™ program. In relation to the roles set forth in this Agreement, MACED will serve as the "Data Management Contractor" and the "Capital Provider". MACED will also serve as the "Agent" (as defined in the KER Rider) for the Utility to the extent that such duties are identified in Attachment 1. In the role of Data Management Contractor MACED will be a "Contractor" as defined in the KER Rider.

1. DATA MANAGEMENT CONTRACTOR RESPONSIBILITIES (MACED)

- 1.1 The Data Management Contractor will provide the services described in this section for each retrofit. These contractual services, as an essential component of the retrofit, will be included along with other Contractors' services that are included in the total project cost which is used to develop the Retrofit Project Charge as provided in the KER Rider. Fee for this contractual service is detailed in Attachment 1.
- 1.2 The Data Management Contractor will provide energy assessment protocols, and "best practice" recommendations to the Utility. In addition, the Data Management Contractor will assist the Utility with any data requests from the Kentucky Public Service Commission (herein "KY PSC") or other regulatory body, and will provide technical assistance and troubleshooting where needed.

The Data Management Contractor will work with the Utility to create processes that encourage excellence and accuracy.

- 1.3 The Data Management Contractor will track and coordinate with the Utility to store and make data available to the Utility regarding utility usage, building characteristics, and financial information for each location.
- 1.4 The Data Management Contractor will analyze data to evaluate the accuracy of financial and energy estimated savings and the effectiveness of installed measures in improving energy efficiency for at least one year following the completion of the retrofit. The Data Management Contractor will identify locations which vary significantly from projected usage, and will track overall success in predicting energy usage. The Data Management Contractor will identify locations for follow-up by the Utility when usage varies greatly from the savings that were predicted.
- 1.5 The Data Management Contractor will track data and pursue analysis to identify consistent variation of technology, contractor, or energy assessor performance from predicted values. The Data Management Contractor will also work with the Utility to develop educational tools to encourage program customers to save more by properly operating their home or building. The Data Management Contractor will also identify new technologies as they become cost effective for the program based on cost reductions or increases in the cost of the Utility's service.

2. PROGRAM OPERATION RESPONSIBILITIES (UTILITY & MACED)

- 2.1 The Utility or its Agent will be responsible for approving contractors to install energy efficiency measures under this program. The Utility or its Agent will maintain a list of approved contractors who have signed the Participating Contractor Master Agreement and will be responsible for ensuring that approved contractors adhere to the provisions of that agreement. The Utility or its Agent will make this list available to the Utility's customers to elicit customer preference and, where possible will arrange for the preferred contractor to bid and perform program upgrades at that Customer's location. Referral will not constitute any additional assumption of liability by the Utility or its Agent for a contractor's performance.
- 2.2 The Utility or its Agent will perform an energy assessment utilizing HowSmartKY™ program guidelines. At time of assessment, the Utility or its Agent will provide customer with a list of recommended measures and projection of energy savings that could be realized from such measures

- 2.3 The Utility or its Agent will act as the customer's representative for the installation of efficiency measures after an approved contractor and a customer sign a Purchase Agreement (and landlord, if customer does not own the premises where efficiency measures are to be installed). As the customer's representative, the Utility or its Agent will verify that any changes in work scope on efficiency measures proposed for installation by an approved contractor are suitable for the customer's end uses and are estimated to result in sufficient savings in energy usage, demand or other savings to qualify as efficiency measures (i.e., ninety percent of all estimated savings over three quarters of the product's estimated useful life will cover all costs associated with the installation). In order to facilitate disclosure of tariff obligations to successor customers at this location, the Utility or its Agent will complete and record with the County Clerk the following documents:
- A. UCC Financing Statement form (Attachment 2); and
 - B. a copy of the completed Purchase Agreement; and
 - C. a copy of the Kentucky Energy Retrofit Rider
- 2.4 Upon notification by the contractor or customer that work is complete, the Utility or its Agent will verify with the customer and the contractor that the customer is satisfied with the installation and that the contractor has properly installed the correct efficiency measures and has instructed the customer on their proper use, operation and maintenance. The Utility or its Agent will inspect retrofit installations to verify that the correct measure(s) have been installed as per manufacturers recommendations and are operating as designed and to verify the accuracy of contractor reports. Nevertheless, contractors will be solely responsible for determining the materials needed, the means and methods of installation, and for complying with all local, state, and federal codes, manufacturers' specifications, and accepted installation practices.
- 2.5 The Utility will arrange for payment to the contractor once the work is completed and accepted by the Utility and initiate a charge to the customer for the estimated retrofit payment. If the Utility or its Agent determines the work is complete and acceptable without customer agreement, such determination must follow an on-site inspection of the installation.
- 2.6 Notwithstanding the Utility or its Agent's verification per 2.2, 2.3 and 2.4 above, any inspection per this section, or the authorization that the Utility initiate billing to the customer under the tariff per 2.5 above, the provisions of this section in no way limit either the installing contractor's or product manufacturer's liability per 2.4 above, the contractor's agreement with the Utility or its Agent, or state and federal law.

- 2.7 The Utility will be responsible for making monthly payments to the Capital Provider within thirty (30) days of the Utility's receipt of payments from the customer, or within sixty (60) days of receipt of disbursement from the Capital Provider, whichever is sooner.
- 2.8 In the event of any dispute between the Utility's customer and an approved contractor, where the Utility or its Agent is acting as the customer's representative, the Utility or its Agent will work on the customer's behalf to obtain a mutually satisfactory resolution. The Utility or its Agent will participate in any complaint resolution process described in its contracts with other parties, including binding arbitration.
- 2.9 The Utility or its Agent will evaluate any customer report of a failed efficiency measure(s), and at its option will cause the product to be repaired or replaced. If the failed product is under warranty, the Utility or its Agent will use any warranty funds to pay for repair or replacement costs, including seeking recovery under a contractor's bond, if necessary. If an efficiency measure is repaired or replaced and any of these costs are not covered by warranty and the failure is not assignable to the approved contractor, and the customer chooses not to or cannot pay for the repair or replacement, the Utility or its Agent may increase the number of payments as required to recover all repair or replacement costs including the Utility or its Agent's administrative costs, but in no case should the Utility or its Agent authorize repairs that require the payment term to extend beyond the estimated useful life of the measure(s). If failed efficiency measures are not repaired or replaced, unless they were damaged by the customer or building owner, if different from the customer, the Utility will terminate charges attributable to the failed measure under the tariff. Additionally, the Utility or its Agent may treat maintenance costs required to keep the system operating similar to repair costs as described above.
- 2.10 MACED will perform duties of the "Agent" in this section to the extent that such duties are included in Attachment I of this Agreement, and in accordance with the fee schedule in said Attachment.

3. CUSTOMER SERVICE & ADMINISTRATION RESPONSIBILITIES (UTILITY)

- 3.1 The Utility will bill the monthly portion of the Retrofit Project Charge (as defined in the KER Rider) to a HowSmartKY™ participating customer and collect payment for that amount as it does with all other tariffed charges following its customary and KY PSC-approved collection procedures including disconnection when necessary.

- 3.2 The Utility will make monthly payments to the Capital Provider in the amount of the total payments it is obligated to collect for that month (in accordance with the procedure in Item 4.3 below).
- 3.3 In the case of an inactive location, the Utility will continue to pay interest and the Capital Provider will waive the payment of principal for up to 24 months or until the location is active, whichever is sooner, requiring interest payments only on the outstanding principal balance in the interim. If at the end of 24 months, a location remains inactive and payments have not resumed, the Utility will pay, in whole, to the Capital Provider any and all outstanding principal and any interest due linked to the inactive location. If at a later date, the location becomes active, the Utility retains the right to recover for its own fund balance any bad debt previously written off through additional charges to that meter's location. The Utility may apply to recover payments it has made on inactive locations, both principle and interest, from a Risk Mitigation Fund to be established and administered by the participating utilities and the Capital Provider as described in Attachment 3.
- 3.4 The Utility staff will answer customers' questions about energy efficiency measures and payment obligations, including questions about the measures installed, estimated savings, payment amount, estimated term of payments, disclosure obligations and customers' rights and responsibilities as per the tariff and agreements.
- 3.5 The Utility will be responsible for notifying new customers at locations at which efficiency measures have been installed of the benefits associated with the efficiency measures, the customer's responsibility for the payment of the remaining charges, and other rights and obligations and will send these customers the Transfer Customer Retrofit Disclosure Form (Attachment 4), which enumerates these rights and responsibilities, within 15 business days of their application for service.
- 3.6 The Utility will inform customers as to how they can purchase efficiency measures in accordance with the tariff, for example, by scheduling an appointment with Energy Assessors or providing them with a sample KY Retrofit Purchase Agreement or list of approved contractors working with the program.
- 3.7 The Utility will not be liable for any decisions or actions taken by retrofit installation contractors, including but not limited to savings estimates, selection of measures, quality of workmanship, damage to customers' homes, or injury to customers, contractors' workers, or passersby. The Utility will not be liable for any failure by the previous occupant, building owner, or landlord to disclose a customer's payment obligation. The responsibility for disclosure rests with the building

owner. However, the Utility agrees to initiate charges to a new customer for any existing payment obligations only after it has duly notified the customer using the Transfer Customer Retrofit Disclosure Form per 3.5 above.

- 3.8 The Utility will provide the Data Management Contractor with all available data about electricity use and structural characteristics for participating locations before, during, and after customer participation in the program.
- 3.9 The Utility will provide the Capital Provider with documentation of repayment calculations, itemized installation estimates and expenditures, and record of repayment transaction, indexed by unique location identifier.

4. CAPITAL PROVIDER RESPONSIBILITIES (MACED)

- 4.1 The Capital Provider will provide funds according to the Note and Loan Agreement with the Utility, and will transfer such funds as requested by the Utility within ten (10) business days of request. These funds will be used by the Utility to pay contractors for retrofits (including the Data Management Contractor); the Utility's administrative fee as provided in the KER Rider; and, subsequent non-warranty repairs to such retrofits.
- 4.2 The Capital Provider may limit the number of retrofits or capital available to the Utility to conform to the limitations of funds.
- 4.3 The Capital Provider will bill on a monthly basis for the previous month and provide a break down of the payments for each unique location. When the Utility informs the Capital Provider of an inactive location, the Capital Provider will adjust the monthly bill to reflect interest-only payments for that location. The Capital Provider will also provide pay off estimates for individual locations on request by the Utility. Attachment 5 further delineates the details of the agreement regarding inactive locations and is included in this Agreement by reference.

5. DISPUTES

- 5.1 In the event of any dispute arising during the Program between the Utility and MACED, each will work with the other to obtain a mutually satisfactory resolution.
- 5.2 In the event a satisfactory resolution cannot be reached, the dispute will be submitted to a three-member arbitration committee with one arbiter of the Utility's choice, a second arbiter of MACED's choice, and a third arbiter to be chosen by the first two arbiters. Cost of arbitration

will be shared by MACED and the Utility. Decision by a majority of the arbitration committee will be binding on both parties.

- 5.3 Prior to submission of any dispute to the arbitration committee, the parties agree to attend at least one (1) conciliation conference to be held at either party's request and at no additional charge to either party.
- 5.4 The provisions for arbitration of disputes in this section do not take precedence over the terms of the Note and Loan Agreement between MACED and the Utility.

6. INDEMNIFICATION

6.1 Both Parties will defend, indemnify and hold harmless each other, their respective officers, employees, contractors and servants from and against all liability or loss and against all claims or actions based upon or arising out of damage or injury (including death) to persons or property caused by or sustained in connection with the purchase of a efficiency product or actions related to a approved contractor or by conditions created thereby, or based upon any violation of any statute, ordinance, building code or regulation and the defense of any such claims or actions.

6.2 In addition to the indemnification set forth in 6.1 above, both Parties will defend, indemnify and hold harmless each other, their respective officers, employees, and contract employees from and against any costs or damages resulting from enforcement or nuisance actions brought by any governmental entity or third party arising from the handling, removal and/or disposal of hazardous materials related to the purchase or installation of a efficiency measure, such costs to include but not be limited to costs of remediation, fines, penalties, and legal costs incurred in the defense of such actions either in a court of law or an administrative proceeding including reasonable fees and disbursements of attorneys and consultants, property damage, personal injury and third party claims.

7. TERMINATION


- 7.1 The Utility will send notice to MACED ninety five (95) days in advance when requesting termination of the program.
- 7.2 Termination per 7.1 will not, however, limit the rights and responsibilities for either the Data Management Contractor, the Utility or its Agent or the Capital Provider for efficiency measures that have already been completely or partially installed or administration and collection of repayments outstanding.

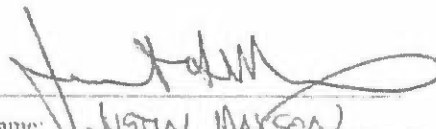
- 7.3 In the event of termination, the Utility remains responsible for repayment of all funds furnished by the Capital Provider, including interest, per the terms of this Agreement and the Note and Loan Agreement with the Capital Provider.
8. **MISCELLANEOUS PROVISIONS**
- 8.1 All Parties to this Agreement will provide the KY PSC with any requested records, work products, communications, or other relevant information to enable it to evaluate and ensure the integrity of the program for the Utility's customers.
- 8.2 No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of all Parties to this Agreement.
- 8.3 This Agreement may not be assigned nor any of the rights and duties hereunder without the prior written consent of the other Parties. Notwithstanding this prohibition on assignment, successors to the Parties shall acquire all of that Party's rights and duties under this Agreement and shall have all right and power to enforce the terms of this Agreement as if they were the original Party.
- 8.4 Notice from one Party to the other under this Agreement shall be deemed to have been properly delivered if forwarded by United States Postal Service, First Class Mail, to the addresses noted above.
- 8.5 If any of this Agreement shall be held invalid or ineffective in whole or in part, such determination shall not be deemed to invalidate any of the remaining portions of this Agreement. This agreement is governed by Kentucky State law.
- 8.6 This Agreement is contingent upon successful approval of the Utility by the KY PSC to carry out activities in accordance with the KER Rider.
9. **DISCLOSURE OF INFORMATION**
- 9.1 MACED shall not disclose or appropriate to its own use, or to the use of any third party, at any time during or subsequent to the term of this agreement, any secret or confidential information of the Utility.
- 9.2 MACED shall not disclose or appropriate for its own use the personal and identifying data of the Utility customers of which MACED has been or hereafter becomes informed, including, but not limited to, processes, prices, profits, contract terms or operating procedures, except as required in

connection with MACED's performance of this Agreement, or as required by a governmental authority, or with approval by both the Utility and the customer.

10. ACCEPTANCE

Hereby accepted as of the Agreement Date.

FOR THE UTILITY: 
Name: Perry K. Howard
Title: General Manager/CEO

FOR MACED: 
Name: JUSTIN MACKSON
Title: PROSUMENT

Articles of Incorporation
of
Licking Valley Rural Electric Cooperative Corporation

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these articles of incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky at special session, 1936, and approved on January 18, 1937, in accordance with the following provisions:

Article I.

The name of the Corporation shall be "Licking Valley Rural Electric Cooperative Corporation."

Article II

The purpose or purposes for which the Corporation is formed are to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky by making electric energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in rural areas of the Commonwealth of Kentucky, at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants and persons electrical devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery (including any fixtures or property or both which may by its use be conducive to a more complete use of electricity or electric

energy) operated by electricity or electric energy and, without limiting the generality of the foregoing:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and non-members to the extent permitted by the Act under which the Corporation is formed and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes:

(b) to acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation.

(c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes:

(d) to assist its members to wire their

premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies apparatus, and equipment of any and all kinds and character (including without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

(e) to borrow money, to make and issue bonds, notes and for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or pursuits of the Corporation, wherever situated, acquired or to be acquired;

(f) to do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, and to exercise any of its powers anywhere.

Article III

The principal office of the Corporation shall be located at West Liberty in the County of Morgan, Commonwealth of Kentucky.

Article IV

The operations of the Corporation are to be conducted in the Counties of Morgan, Meigs, Boone, Wolfe, Powell, Breathitt, Johnson and Elliott, and in such other Counties as such operation may from time to time become necessary or desirable in the interest of this Corporation or of its members.

Article V

The number of directors of the Corporation shall be not less than five (5) nor more than eleven (11). Unless otherwise provided in the bylaws, the number of directors shall be 7.

Article VI

The names and post office addresses of the directors who are to manage the affairs of the Corporation until the first annual meeting of the members or until their successors shall have been elected and shall have qualified, are:

<u>Name</u>	<u>Post Office Address</u>
C. P. Henry	West Liberty, Kentucky
Thomas Richardson	Cannel City, Kentucky
R. K. Mickell	Mize, Kentucky
C. H. Murphy	Campton, Kentucky
Arlio S. Cecil	Haral Green, Kentucky
John C. Arnett	Sublett, Kentucky
W. P. Adams	Leather, Kentucky

Article VII

The duration of the Corporation is: perpetual.

Article VIII

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Section 2. Any person, firm, corporation or body politic may become a member in the Corporation by:

- (a) paying the membership fee specified in the bylaws;
- (b) agreeing to purchase from the Corporation electric energy as specified in the bylaws; and
- (c) agreeing to comply with and be bound by these articles of incorporation and the bylaws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors;

provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members in the manner provided in the bylaws. No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b), and (c).

Section 3. Membership in the Corporation shall be terminated by death, cessation of existence, expulsion or withdrawal of the member as provided in the bylaws of the Corporation. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Corporation, provided, however, that such termination of membership shall not release the member or his estate from the debts or liabilities of such member to the Corporation.

Section 4. Each member shall be entitled to one (1) vote and not more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions

shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, or these articles of Incorporation. No proxy shall be valid after sixty (60) days from the date of its execution, and the person so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting. No person shall vote as proxy for more than three (3) members at any meeting of the members except upon the question of amendment of the articles of Incorporation to increase the number of Counties in which the Corporation may operate or on the question of mortgaging or otherwise encumbering any of the Corporation's property to secure loans made or to be made to the Corporation by the United States of America or any agency or instrumentality thereof, in either of which cases a person may hold an unlimited number of proxies. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 5. The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member or incorporator shall be individually liable or responsible for any debts or liabilities of the Corporation.

Section 6. The bylaws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these articles of incorporation or the Act under which the Corporation is organized.

Article IX

Section 1. The board of directors shall have power to make and adopt such rules and regulations not inconsistent with these articles of incorporation or the bylaws of the Corporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 2. Directors of the Corporation shall be members thereof.

Article V

The Corporation may amend, alter, change or repeal any provision contained in these articles of incorporation in the manner now or hereafter prescribed by law.

In Witness Whereof, we hereunto subscribe our names this 18 day of June, 1940.

H. P. Adams
 J. G. Arnett
 C. W. Murphy
 Arlie S. Cecil
 R. K. Nickell
 Thos. Richardson
 C. P. Henry

State of Kentucky

55.

County of Morgan.

I, C. R. Steacy, a Notary Public in and for said county and state do hereby certify that this instrument of writing from C. P. Henry, Thomas Richardson, R. K. Nickell, C. W. Murphy, Arlie S. Cecil, John G. Arnett, H. P. Adams, was this day produced to me by the above parties and was acknowledged by the said C. P. Henry, Thomas Richardson, R. K. Nickell, C. W. Murphy, Arlie S. Cecil,

AMENDMENT D ARTICLES OF INCORPORATION OF LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

ARTICLE VIII

SECTION A.

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members, or upon any matter submitted to a vote of the members by mail only, as may be provided in the bylaws, or otherwise provided by law. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by mail, except as otherwise provided by law, or these Articles of Incorporation. All matters submitted to a vote of the membership by mail only shall be decided by a majority of the members voting hereon, except as otherwise provided by law, or these Articles of Incorporation. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members, or submitted to a vote of the membership by mail only.

(SEAL)

ATTEST:

The foregoing is a true and correct copy of an amendment to the Articles of Incorporation of Licking Valley Rural Electric Cooperative Corporation, duly adopted by said corporation pursuant to K. H. S. 279.050, on July 18, 1978.

original copy filed
Secretary of State of Ky.
Frankfort, Ky.
August 29, 1978
Drexell R. Davis
Secretary of state
SLP

C. W. Murphy
Secretary

The affiants, Joe D. Stacy and C. W. Murphy, first being duly sworn, state that they are the President and Secretary, respectively, of Licking Valley Rural Electric Cooperative Corporation, and that the foregoing amendment to the Articles of Incorporation for said corporation was duly adopted July 18, 1978.

Joe D. Stacy
Joe D. Stacy, President

STATE OF KENTUCKY)
) SCT.
COUNTY OF MORGAN)

C. W. Murphy
C. W. Murphy, Secretary

The foregoing instrument was subscribed, sworn to and acknowledged before me this 17th day of August, 1978, by Joe D. Stacy, President, and C. W. Murphy, Secretary, of Licking Valley Rural Electric Cooperative corporation, a Kentucky corporation, on behalf of said corporation.

Thomas L. Miller
Notary Public, State of Kentucky at Large

My commission expires: June 1, 1981.

STATE OF KENTUCKY)
) SCT.
COUNTY OF MORGAN)

I, Janis C. Williams, Clerk Morgan County Court for the county and state aforesaid do hereby certify that the foregoing Articles of Incorporation Amendment was on the 21 day of September, 1978 lodged for record whereupon the foregoing and this certificate have been duly recorded in my office.
Given under my hand this the 21 day of September, 1978

Janis C. Williams
BY: _____

ARTICLES OF INCORPORATION

KNOW ALL MEN BY THESE PRESENTS:

Secretary of State
Received March 30, 1966
373-14.00
Commonwealth of Ky.

That we, EARL RAY SHEETS, MILLARD SHEETS, LESTER H. SHEETS and JOHNNY JOHNSON, do hereby associate ourselves together for the purpose of forming a Kentucky Corporation, as follows:

- (a) The name of the Corporation shall be SSS Service Store, Inc.
- (b) The purpose of the Corporation shall be for the operation of wholesale and retail dealership in auto parts, accessories and related items.
- (c) The duration of the Corporation shall be perpetual.
- (d) The office of the Corporation shall be at West Liberty, Kentucky, and the resident agent for said corporation shall be Earl Ray Sheets whose address is West Liberty, Kentucky.
- (e) There shall be issued twenty-four (24) shares of stock of par value in said corporation with a par value of \$1,000.00 each.
- (f) The amount of capital with which the corporation shall begin business shall be the sum of \$24,000.00.
- (g) The names and addresses and the number of shares of stock subscribed for

John G. Arnett, W.P. Adams, to be their
vet and deed.

Given under my hand and seal this 15
day of June, 1940.

My commission expires 3/15/40.

C. K. Stacey

(Seal)

Notary Public in and for
Morgan County, Kentucky

Approved 6-22-40

George Glenn Hatfield

Secretary of State

By C. W. McKay - Chief Corp. Clk.

State of Kentucky
County of Morgan.

I, Stella Fanning, Clerk of the County Court in
and for the County and State aforesaid, do hereby
certify that the foregoing Articles of Incorporation were
lodged for record in my office on the 13 day of
July, 1940, whereupon the same, together with
the foregoing and this certificate have been duly
recorded in Articles of Incorporation Book No 2
page 82.

Given under my hand this the 16 day
of July, 1940.

Stella Fanning, Clerk
Morgan County Court.

State of Kentucky
County of Morgan

I, Randy Williams, Clerk Morgan County court for the county and state
aforesaid do hereby certify that the foregoing Articles of Inc
is true and correct copy from AIC Book 1 page 82, as
shown by the records of my office
Given under my hand this the 20 day of April 1944

Randy Williams, Clerk
BY: RMW D. Clerk

State of Kentucky
County of Morgan

I, Randy Williams, Clerk Morgan County court for the county and state
aforesaid do hereby certify that the foregoing Amendment to 14.00
is true and correct copy from AIC Book 3 page 148 as
shown by the records of my office
Given under my hand this the 22 day of April 20 14

Randy Williams, Clerk
BY: MAW D. Clerk

Attachment 1
How\$martKY™ Services and Fees

MACED services as Data Management Contractor

- Track and analyze data for the retrofit.
- Upload "Before Retrofit" (BR) usage file into How\$martKY™ system.
- Review How\$martKY™ retrofit packet and requisition.
- Set up retrofit in data collection systems.

Data Management Contractor fee: \$250.00 per retrofit to be included in the retrofit project cost and included in calculating the monthly payment by the customer, along with all other contractor costs, per Section 1 of the Memorandum of Agreement.

MACED services as Agent of the Utility

MACED will perform the services initialed by both parties below per Section 2 of the Memorandum of Agreement.

MACED's fees for these services is \$_____per retrofit.

If available, third-party funds or grant-funded subsidies may be applied to some or all of this cost.

From the date of signing through _____, 201__, MACED will furnish a grant-funded subsidy of \$_____ per retrofit for up to _____ retrofits per year subject to availability of funds.

The Utility agrees to pay MACED for any portion of these services not covered by subsidies.

MACED	Utility	
		_ Contact customer to schedule appointment
		_ Perform energy assessment
		_ Create conservation plan & purchase agreement
		_ Present customer with initial conservation plan and purchase agreement
		_ Contact contractors and request bids using Conservation Plan specifications
		_ Verify all paperwork is complete and signed including How\$martKY application form, initial conservation plan, purchase agreement, copy of deed, UCC
		_ Contact contractors to arrange for job start up
		_ Perform quality assurance during installation & test out at retrofit completion
		_ Create final conservation plan and purchase agreement
		_ Present final conservation plan and purchase agreement to customer
		_ Create retrofit packet (contains all paperwork for the job)
		_ Submit requisition
		_ File UCC Financing Statements (up to 3 filings per retrofit)

Annual fee review: MACED's fee structure will be reviewed on a yearly contract basis with our utility partners. Fees or services to be performed are subject to change upon mutual agreement

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME					
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR(S)) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME					
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

ATTENTION: Attached to this form and included by reference to this document are the following;

- A. a copy of the current HowSmart™ Purchase Agreement; and
- B. a copy of the Kentucky Energy Retrofit Rider

5. ALTERNATIVE DESIGNATION (if applicable)	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR	SELLER/BUYER	AG. LIEN	NON-UCC FILING
6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attach Affidavit		7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) (ADDITIONAL FEE)		All Debtors	Debtor 1	Debtor 2
8. OPTIONAL FILER REFERENCE DATA						

Instructions for UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1; correct Debtor name is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. Filing office cannot give legal advice. Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use.

When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item 8 and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading Instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, you are encouraged to use either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP).

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor name.** Enter only one Debtor name in item 1, an organization's name (1a) or an individual's name (1b). Enter Debtor's exact full legal name. Don't abbreviate.
 - 1a. **Organization Debtor.** "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.
 - 1b. **Individual Debtor.** "Individual" means a natural person; this includes a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., III) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith, not Mrs. John Smith). Enter individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.

For both organization and individual Debtors: Don't use Debtor's trade name, DBA, AKA, FKA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended).
 - 1c. An address is always required for the Debtor named in 1a or 1b.
 - 1d. Reserved for Financing Statements to be filed in North Dakota or South Dakota only. If this Financing Statement is to be filed in North Dakota or South Dakota, the Debtor's taxpayer identification number (tax ID#) — social security number or employer identification number must be placed in this box.
 - 1e, f, g. "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from tax ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CA12345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ID #, check box in item 1g indicating "none."
2. If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. To include further additional Debtors, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow instruction 1 for determining and formatting additional names.
3. Enter Information for Secured Party or Total Assignee, determined and formatted per Instruction 1. To include further additional Secured Parties, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow Instruction 1 for determining and formatting additional names. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/P's name and address in item 12.
4. Use item 4 to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).
5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignor, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.
6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as-extracted collateral, complete items 1-5, check the box in item 6, and complete the required information (items 13, 14 and/or 15) on Addendum (Form UCC1Ad).
7. This item is optional. Check appropriate box in item 7 to request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Office Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.
8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.

Attachment 3

Kentucky Energy Retrofit Program
Risk Mitigation Fund Operational Procedures

1. RISK MITIGATION FUND (RMF) COMMITTEE

- 1.1 The fund will be overseen by a committee consisting of the CFO (or CFO's designee) from each participating utility and the president of MACED (or president's designee).

2. ELIGIBLE COSTS

- 2.1 **The following costs may be eligible for recapture from the Risk Mitigation Fund, subject to the further conditions outlined below:**

- A. Interest paid on a location when it is inactive
- B. Outstanding interest and principal balance on the retrofit if it is deemed to be uncollectable.
- C. Payments made by a utility as invoiced by MACED if the utility is unable to subsequently collect the corresponding utility bills due on the location.

3. RECAPTURE OF LOSS

- 3.1 **A participating utility may submit losses for eligible costs to the Risk Mitigation Fund committee. The committee will allocate funds from the Risk Mitigation Fund to pay the outstanding balance and interest costs paid by the utility during the inactive period if the committee determines that:**
- A. a cost is eligible; and that
 - B. the retrofit was carried out in accordance with the HowSmartKY™ guidelines that were in effect at the time of the retrofit; and that
 - C. the utility has exhausted all other appropriate avenues for collecting the loss..

- 3.2 **If the committee determines that the conditions above have not been met, the committee will**

Attachment 3

decide whether to approve recapture, approve partial recapture, or deny recapture.

- 3.3 For any uncollectable balance that is not approved for recapture by the committee, the utility remains liable to MACED for full repayment of the outstanding principal and interest per the terms of the Loan Agreement.

4. DECISION MAKING

- 4.1 Committee decisions will be made by simple majority of the members. Members may participate in meetings or be polled by phone, email or other means if not present. In any action of the committee involving one of the utility partners, that partner will abstain from voting. In the event of a tie, the president of MACED (or president's designee) will cast the deciding vote.

5. RISK MITIGATION FUND BALANCE

- 5.1 If the committee determines that the balance of the Risk Mitigation Fund is too low, the committee may increase the percentage allotment from each new retrofit. If the committee determines that non-compliance with program guidelines on the part of one or more utilities is materially responsible for a significant share of the losses, the committee may adjust the percentage paid by one or more utilities separately.
- 5.2 Initially, payment into the Risk Mitigation Fund will be 4% of each retrofit amount financed. This payment will be drawn from the 5% fee that the utilities are allowed to add to the cost of the retrofit by the KER Rider.
- 5.3 If the Risk Mitigation Fund balance exceeds \$100,000 and also exceeds 5% of the total outstanding retrofit balances, the committee may reduce the percentage paid in for each retrofit.
- 5.4 If the fund is determined by unanimous vote of the committee to no longer be needed and after all obligation of funds from the Risk Mitigation Fund have been met, any balance of grant funds used to initiate the Risk Mitigation Fund will be distributed according to the grant agreements through which those funds were secured. Remaining funds will be distributed for a purpose

Attachment 3

consistent with the goals of the How\$martKY™ program (below) in a manner to be determined by the committee.

6. APPEAL AND ARBITRATION

- 6.1 A utility may appeal any decision of the committee for reconsideration. Such reconsideration will include all the committee members and the president of MACED (or president's designee). The purpose of such reconsideration will be to reach a mutually agreeable solution. If an agreement cannot be reached upon reconsideration, all parties agree to the same arbitration measures outlined in the How\$martKY™ Memorandum of Agreement (MOA) that governs the relationship between the utilities and MACED.

The goals of the How\$martKY™ Program are to:

- *Help utility customers save energy and money through implementing retrofits to increase the energy efficiency of their homes;*
- *Provide a financing model that reduces or eliminates the barrier of up-front costs for these retrofits;*
- *Develop information, expertise and technical assistance resources for customers, contractors and utilities;*
- *Extend the reach and capacity of utilities to promote and facilitate energy savings by their customers.*

Attachment 4

Energy Efficiency Retrofit Project Charge
Notification and Transfer of Obligation

Energy retrofit measures were installed at this location to save on utility costs. A Retrofit Project Charge will appear on your monthly utility bill. The cost savings from the retrofit measures are estimated to be greater than the charges.

Read below to understand what this means.

Property Address: _____ Unit #: _____

Location ID: _____

Cost saving energy Retrofit measures have been installed at these premises through an on-bill financing program. These measures were installed to lower the utility bills. Your utility bills will include a monthly charge to pay for these energy Retrofit measures. The cost savings from reduced electricity consumption are estimated to be greater than the monthly charges.

Whoever pays the utility bills at this location will be required to make monthly payments to [Insert Utility Name Here] to pay for the cost-saving energy Retrofit measures installed here. Monthly charges will continue until the remaining balance has been paid. A UCC Financing Statement has been filed at the County Clerk's office to ensure a prospective purchaser is aware of this obligation. Either the buyer or seller may eliminate this obligation by paying off the remaining balance.

Utility usage data at this location may be shared with subsequent owners of the property to demonstrate the effectiveness of the Retrofit measures.

If you want more information, you can call [Insert Utility Name Here] ([Insert Utility Phone Number Here]) to learn about the:

- Specific Retrofit measures installed
- Monthly payment amount (Retrofit Project Charge)
- Number of payments remaining and outstanding balance
- Estimated cost savings

When you request utility service, a signed copy of this form must be submitted to [Insert Utility Name Here]. [Insert Utility Name Here] will provide a copy of the Purchase Agreement which outlines customer responsibilities, including:

- Making monthly payments
- If you rent, promptly reporting to your landlord if a Retrofit measure stops working
- If you own the property, maintaining the Retrofit measures in good working condition as long as payments are due

My signature below indicates that I have read or have had this form read to me. I understand my obligation to make monthly payments for the Retrofit measures installed at this location.

(Purchaser/Renter) Signature _____ Date _____

(Purchaser/Renter) Name (print) _____

Attachment 5

Kentucky Energy Retrofit Program
Location Status and Payments

1. ACTIVE AND INACTIVE STATUS

- 1.1 A location will be considered “active” unless service has been disconnected. When service is disconnected, the utility will notify MACED.

2. INVOICING

- 2.1 Payments due on all locations will be detailed on each monthly invoice from MACED to the utility. For active locations, interest and principal will be invoiced. For inactive locations, only interest will be invoiced.

3. INTEREST

- 3.1 Interest on an inactive location will be paid by the utility to MACED until it becomes active again or it has been determined that the remaining balance is unrecoverable.
- 3.2 Interest paid by the utility for an inactive location may be reimbursed from the Risk Mitigation Fund (RMF) subject to the Risk Mitigation Fund Operational Procedures document.

4. UNRECOVERABLE INVESTMENT

- 4.1 If a location remains inactive for twenty-four months, it will be determined to be unrecoverable.
- 4.2 The remaining principal and interest due on an unrecoverable investment are paid by the utility. The utility may then seek to be reimbursed from the RMF subject to the RMF operational procedures.

5. UNPAID UTILILITY BILLS

- 5.1 If a location is active but the utility bill is late or unpaid, it will be still be considered active until service is disconnected. Payment due will be sought by the utility from the customer at that location. The utility will pay the full amount invoiced by MACED (principal and interest) for all

Attachment 5

active locations.

- 5.2 If a location becomes inactive after the invoice is sent but before it is due, MACED will adjust the invoice amount upon notification of the change to inactive status.
- 5.3 If a utility makes payment of the invoiced amount from MACED for a location from which the corresponding bill remains uncollected from the customer, the utility may seek reimbursement from the RMF subject to the RMF operational procedures.

HowSmartKY Participating Contractor Master Agreement

Contractor Name: _____ Agreement Date: _____, 20____

Contractor Mailing Address: _____

Contractor Employee Identification Number: _____

Contractor Phones - mobile: _____ day: _____ evening: _____

1. PURPOSE OF THIS AGREEMENT

The Contractor is engaged in the business of selling and/or installing resource saving equipment, products and services. By agreeing to the provisions of the HowSmart Program, the Contractor becomes a participating Contractor in the Program to install Energy Efficiency measures to improve the resource efficiency for Customers served by Company. This agreement describes roles, responsibilities, and understandings of the Contractor and the Company/its Agent(s).

2. CONTRACTOR RESPONSIBILITIES AND UNDERSTANDINGS

- 2.1 Contractor shall submit a binding bid for Energy Efficiency measures to the Company. Energy Efficiency measures may include equipment, products and/or services that result in resource savings and lower bills. Company will be solely responsible for determining whether proposed measures meet the general or economic criteria for inclusion in the HowSmart program.
- 2.2 Approved Energy Efficiency measures, specifications and costs for each project shall be as set forth in a Conservation Plan developed by Company/its Agent and subject to this Agreement. An executed Conservation Plan will be considered an instruction to Contractor to commence work.
- 2.3 Contractor understands that only non-portable efficiency measures installed on premises permanently anchored to a foundation are eligible unless explicitly included in conservation plan. Savings must be greater than the monthly Project Charge calculated by Company/its Agent.
- 2.4 Contractor shall be solely responsible for determining the materials and products to be installed, and the means and methods of installation. Contractor shall furnish, at Contractor's own expense, all labor, materials, equipment, and other items necessary to satisfy the binding bid and meet the terms of this Agreement.
- 2.5 Contractor shall complete approved Energy Efficiency work in a timely manner. Upon completion, Contractor shall instruct Customer and Tenant(s), if applicable, on the proper use, operation and maintenance of Retrofit measures.
- 2.6 Contractor will provide for timely removal of debris resulting from installation or repairs of Retrofit projects unless otherwise stipulated in writing with the Customer.
- 2.7 Contractor is responsible for the conduct of its employees or agents. Contractor will be responsible for any costs associated with damage to property of Customer or Tenant(s) caused by its employees or agents.
- 2.8 Contractor will secure and pay for all permits, governmental fees, licenses and inspections necessary for the proper execution and completion of the work.
- 2.9 Contractor will give all notices and comply with all laws, ordinances, rules and orders of any public authority bearing on the performance of the work.
- 2.10 Contractor is obligated to make certain that its work conforms to all applicable federal, state and local laws, statutes, building codes and regulations, including but not limited to all applicable EPA/VOSHA/OSHA/NESC and NEC rules and regulations.

- 2.11 Upon post-installation inspection by Company/its Agent, Contractor agrees to replace any equipment or repair any condition resulting in Energy Efficiency measure performance failing to meet the specifications set forth in the Conservation Plan of any project. Contractor agrees to pay Company for the cost of follow-up inspections which result in rework. Any inspection by Company or initiation of Project Charge on responsible party's utility bill in no way limits either Contractor's or product manufacturer's liability as set forth herein or under Kentucky law.
- 2.12 Contractor shall purchase and maintain a minimum of \$1 million of such comprehensive general liability and other insurance which will provide protection from claims arising from the result of Contractor's performance on any Retrofit project. Contractor shall also maintain insurance coverage consistent with requirements of any regulatory or licensing body associated with the services provided. Any property damage or bodily injury claims related to the performance of this Agreement in excess of insurance limits or not covered by comprehensive liability, worker's compensation, or automobile liability insurance are the responsibility of the Contractor.
- 2.13 Contractor understands that an independent relationship has been created between Customer and Contractor. Contractor is not an employee or agent of the Company. Company will not be liable for personal injury or property damage caused by Customer, Tenant(s) (if different from Customer), Contractor or Contractor's agents or employees. Company is not a guarantor of products, materials, or work performed by Contractor.
- 2.14 Contractor understands that Company's roles under this Agreement are limited to: (1) Providing efficiency guidance to Customer and Contractor, (2) Approving measures that qualify for the program (3) Inspecting to ensure quality and investigating when Customer's raise concern about performance of measures. (4)Facilitating payment to Contractor for approved Energy Efficiency measures, (5) Collecting Project Charge revenue from the party responsible for utility bills, and (6) Facilitating dispute resolution.
- 2.15 In the event of any dispute arising over the Retrofit program between Customers, Tenant(s) and/or Contractors, Company will work with the disputing parties to obtain a mutually satisfactory resolution. In the event satisfactory resolution cannot be reached, the dispute will be submitted to an arbiter of Company's choice. Responsibility for all costs of arbitration shall be allocated between the disputing parties as determined by the arbiter.
- 2.16 Contractor shall be responsible for ensuring that all utilities are properly located, marked and identified through utilization of and compliance with the requirements of the Kentucky One-Call "Dig Safe" program. Contractor is responsible for working around existing utilities and agrees to defend, indemnify and hold harmless Company and Customer for any and all claims for damages to such utilities.
- 2.17 Contractor understands that failure to abide by the terms of this Agreement may result in disallowance of Contractor's subsequent participation in the HowSmart program in addition to any other remedies afforded to offended parties. Any such disallowance shall be at Company's sole discretion.

3. PAYMENT FOR RETROFIT PROJECTS

- 3.1 Contractor should notify Company when work on a Retrofit Project is complete. When work is considered complete and satisfactory, Company will pay to Contractor and Customer jointly the outstanding balance of the amount agreed upon in the Conservation Plan. For projects with equipment purchases costing more than one-thousand (1,000) dollars, Company will pay Contractor in advance up to fifty (50) percent of the total project cost agreed upon in the Conservation Plan provided Contractor is bonded at or above the amount of the advance.
- 3.2 In lieu of supplying a bond, Contractor has the option of performing work and receiving full payment upon satisfactory completion, with check payable to Contractor.
- 3.3 Work shall be considered complete and satisfactory when Customer and Company have signed off that the work is complete and acceptable. Acceptance is signified by endorsement of the check written by Company jointly to Customer and Contractor for the approved Energy Efficiency measures. Company/its agent may waive Customer/owner acceptance of work as a requirement for payment if it deems work is complete and acceptable.

- 3.4 In the event the Company/its Agent documents that work has not been completed as specified in the Conservation Plan/work order, the Company/has the Contractor's permission to withhold from final payment a penalty amount of \$500 for each failed inspection conducted by the Company/its Agent.

4. WARRANTIES

- 4.1 Contractor will warrant to Customer that all materials and equipment furnished under this Agreement will be new, and that all work will be of good quality, free from faults and defects.
- 4.2 Contractor will guarantee its workmanship, including all parts and labor, for a period of one year from date of final payment and acceptance of the work.
- 4.3 Contractor warrants that the resource efficient products designed and installed by the Contractor will meet Customer's requirements.
- 4.4 Contractor will extend to Customer all manufacturer's warranties for material and equipment installed. Contractor agrees to provide copies of all warrantee information to Customer should such information exist. Said warranties will not in any way limit Contractor's obligations as set forth above.

5. INDEMNIFICATION

- 5.1 Contractor shall assume all liability and shall defend, indemnify and hold harmless Customer, Tenant, Owner and Company, individually, against all liability or loss and against all claims or actions based upon or arising out of damage or injury (including death) to persons or property caused by or sustained in connection with the performance of the Agreement or by conditions created thereby, or based upon any violation of any statute, ordinance, building code or regulation and the defense of any such claims or actions.
- 5.2 In addition to the indemnification set forth above, Contractor agrees to indemnify, defend and hold harmless the Customer, Tenant, Owner, and Company and any and all of Company's officers, employees, contractors and agents from and against any costs or damages resulting from enforcement or nuisance actions brought by any governmental entity or third party arising from the handling, removal and/or disposal of Hazardous Materials from the project, such costs to include but not be limited to costs of remediation, fines, penalties, and legal costs incurred in the defense of such actions either in a court of law or an administrative proceeding including reasonable fees and disbursements of attorneys and consultants, property damage, personal injury and third party claims.

6. TERMINATION

- 6.1 This Agreement may be terminated either by Company or Contractor with seven (7) days written notice from one party to the other.
- 6.2 In the event of termination, Contractor will be paid for any work completed to the satisfaction of Customer, less the cost of Company's estimate of the additional cost that might be incurred in completing work in progress and started under this Agreement. Company may delay such payment until such time as another contractor has signed an agreement to complete the remaining work.

7. CHANGES IN WORK

- 7.1 Contractor shall not make changes to the work which either increase or decrease the Agreement price, without the written approval of Company and Customer. Said changes include but are not limited to substitutions or alterations of specified materials or equipment, relocations and replacements. Additional costs for change orders may render proposed measures uneconomic and not acceptable as Energy Efficiency measures.

7.2 The cost or credit resulting from such change shall be determined by lump sum, mutually agreed to by Company, Customer, Owner and Contractor and supported by substantiating data. If the parties are unable to agree, Company will work with the disputing parties to obtain a mutually satisfactory resolution. In the event satisfactory resolution cannot be reached, the dispute will be submitted to an arbiter of Company's choice. Responsibility for all costs of arbitration shall be allocated between the disputing parties as determined by the arbiter.

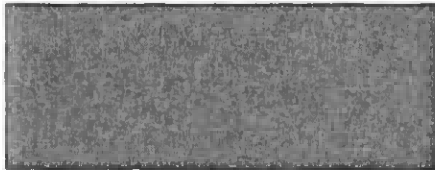
8. MISCELLANEOUS PROVISIONS

- 8.1 No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of both parties to this Agreement.
- 8.2 This Agreement may not be assigned nor any of the rights and duties hereunder without the prior written consent of Contractor and Company.
- 8.3 Notice from one party to the other under this Agreement shall be deemed to have been properly delivered if forwarded by United States Postal Service, First Class Mail, to the addresses shown in this Agreement.
- 8.4 If any of this Agreement shall be held invalid or ineffective in whole or in part, such determination shall not be deemed to invalidate any of the remaining portions of this Agreement. This agreement is governed by Kentucky law.

COMPANY	Date	CONTRACTOR	Date
---------	------	------------	------

Please submit the following other items along with this agreement:

- ___ Proof of insurance, from your agent, naming the particular RECC that you are working with as additional insured.
- ___ W-9 form



Location ID:	
Name	
OwnerName	
Phone	
Assessor	
Date	7/18/2011

How Your Home Uses Energy

model baseline	Elec	Gas	Propane	Wood/Coal
Heating	8,380 kWh	0 kBTU	23769 kBTU	0 kBTU
Cooling	2850 kWh	0 kBTU	0 kBTU	
Base	11900 kWh	0 kBTU	0 kBTU	
Total (yr)	23,130 kWh	0 kBTU	23,769 kBTU	0 kBTU
	22400 kWh	0 kBTU	23769 kBTU	0 kBTU

Your home uses energy for heating, cooling, and base load (which is everything that is not heating or cooling).

How Your Home Could Save Energy

- Install Moisture barrier 6 mil plastic lap up on wall 12 and seal.
- Spray 1.5" of closed cell on Rim Joist
- Install R-19 insulation in floor where missing or damaged.
- Spray 1.5" of closed cell on crawl wall
- Spray 1" of closed on Cathedral End Walls
- Remove old blow in. Spray 1.5" closed cell foam and put back blown and add to 15"
- Replace HVAC Heating with New HVAC Heating System.
- Replace HVAC Cooling with New HVAC Cooling System.
- Reduce air leakage to BAS or 70% below that number.

Savings from Baseline:	Savings from Actuals:	Conversions to Fuel	Current Rates	Projected Savings (yr)
7354 kWh (Elec)	6,624 kWh (Elec)	6,624 kWh	0.12 /kWh	\$795
0 kBTU (Gas)	0 kBTU (Gas)	0 therms	2.00 /Therm	\$0
23769 kBTU (Propane)	23,769 kBTU (Propane)	256 Gal	2.88 /Gal	\$736

Based on savings from insulation and air seal only due to calibration.

Projected Avg Energy Savings (mo) \$128
 before monthly HowSmart Charge

Financing

\$12,067.00 **Cost of Improvements (est):**
 \$2,000.00 **Kentucky Home Performance**

\$10,067.00 **Utility Contribution**
 \$15,452 Not to Exceed Amount (90% of Savings)

@ 3%
 over 15 years

\$75 Monthly Charge
 59% of projected savings

Next Steps

1. Sign Purchase Agreement
 2. Select contractor and schedule the job
 3. Energy Specialist returns to inspect completed work
 4. Savings begin and installments charge appears on utility bill.
- If, after operation, any of the upgrades fail, the Utility will reevaluate the work.

Acceptance:

I understand that:

Values on previous page are estimates only and are not a guarantee of savings. Energy savings are a best-effort estimation calculated using a computer model. The model takes into account previous usage and characteristics of the house to determine usage and potential savings. Actual savings will vary depending on behavior, weather events, maintenance of the efficiency improvements, and future utility rates.

The Utility has explained what I can do to reduce my energy consumption including, but no limited to: thermostat and other equipment settings, the impact of lighting changes, and additional appliance or home investments not covered under How\$martKY™.

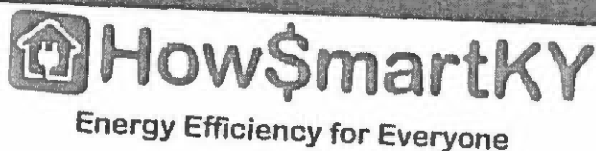
Value of the improvements (cost of work) is an estimate and will be verified with the selected contractor. Final monthly charge will be determined at the time of contractor selection. If final project cost is more than the "not to exceed" amount, then customer may opt out of the installation. Non-payment of the charge will be treated like non-payment of the utility bill potentially resulting in disconnection of service.

The Kentucky Energy Retrofit Rider (marketed as How\$martKY™) is a voluntary utility tariff that amortizes the cost of the efficiency improvement over the course of fifteen years or 75% of the expected life of the improvement (whichever is less) at a fixed interest rate. The expected cumulative cost to the customer over the course of the payback period of the improvements is as follows:

	<u>Estimate</u>	<u>Estimated Monthly Savings</u>	<u>Estimated Net Monthly Savings</u>
Fixed Monthly Charge	\$75	\$128	\$53
Capital Investment	\$10,067	Payback Period (years)	15
Data Management Contract Fee	\$250	Cost of Capital	3%
Project Fee(s) 5.00%	\$516		
Total Interest over life of payback	<u>\$2,883</u>		
Total Cost over life of payback	\$13,466		

Account Holder: _____
print name
Date: _____

Owner: _____
print name
Date: _____



GENERAL

Location Number [REDACTED]
Date of Assessment 7/18/2011
Utility [REDACTED]

Account #

Owner Information

CUSTOMER INFORMATION

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

15	Financing Term (Years)
6624	Projected Savings (kWh)
\$74.81	Calculated Monthly Payment
\$12,067.00	Value of Measures*
\$2,000.00	Kentucky Home Performance

1. RETROFIT MEASURES

\$10,067.00	Amount paid by Utility
\$250.00	Data Management Contract Fee
\$515.85	Project Fee
\$10,832.85	Total Cost of Retrofit

2. INFORMATION ACCURACY

Customer and owner have made every effort to provide Company/its Agent with accurate information about the structure and its use to enable the Company to assess the energy efficiency of Customer's premises and equipment. Customer and owner acknowledge that the accuracy of the savings estimates above depend on the accuracy of information provided to the Company.

Customer's Initials _____ Owner's Initials _____

3. PURPOSE OF THIS AGREEMENT

This Agreement permits the Retrofit Measure(s) noted above to be installed on behalf of the Customer, in the Owners' building at the above property address with the above Location ID and obligates the Owner to disclose any payment requirement to future tenants and to any purchaser of these premises as described in Section 6.2 below. The agreement also describes the responsibilities, understandings and authorizations of Customers and Owners in implementing, maintaining, disclosing and paying for the above mentioned Retrofit measures.

4. CUSTOMER RESPONSIBILITIES AND UNDERSTANDING

4.1 Customer will provide access to premises to the Company/its agent, Contractor and their respective employees or subcontractors to install, inspect and/or repair Retrofit measures.

4.2 Customer shall make consecutive monthly payments specified above to the Company as part of the utility bill until all payments have been made or Customer no longer has an account with the Company. For portable Retrofit measures, all remaining payments will be due with the final bill.

4.3 Maintain the installed Retrofit measure(s) in place for at least as long as there are payments due under this Agreement unless otherwise agreed to by Company/its Agent. Customers will be responsible for all required maintenance and out of warranty repairs.

4.4 Customer shall notify the Company if any of the above Retrofit measures stop working. The Company/its Agent will verify Retrofit failure, assess repair need/cause and authorize the repair. The Company/its agent may suspend Customer's Retrofit Project charges while repairs are being made, to the degree that energy savings are compromised. Contractors and warrantees will cover costs of repairs due to defects in workmanship or equipment per contract and warrantees. Customers will cover costs for customer damage, out of warranty repairs and any remaining repair costs. The Company/its Agent may increase the number of remaining Retrofit payments to recover repair costs not reimbursed, including administration.

Alternatively, Customer may repair Retrofit measures at Customer's expense and, if applicable, will be entitled to any reimbursement from existing warranties.

The Company/its Agent may repair a measure that is not working and seek compensation from Customer or owner as appropriate or recover any costs that were not reimbursed after warranty payments are applied by increasing the number of Retrofit payments at this location. The Company/its Agent may likewise be reimbursed for maintenance costs required to keep systems operating as described above.

4.5 Capital Provider will own the installed Retrofit measures during the duration of payments by occupant, Customer will not apply for or claim tax or other credits which will be claimed by and belong to the Capital Provider.

4.6 In some cases, (where the portable equipment replaced belonged to the meter holder) Customers may relocate portable retrofit measures to another meter/account location also served by Company upon obtaining Company prior agreement in writing and transferring all outstanding balances for the relocated Retrofit measures to their new account.

4.7 Customer will make a good faith effort to participate in Retrofit program follow-up surveys for the purpose of evaluating the effectiveness of the Retrofit system and to provide information requested by the Public Service Commission and state Energy Office.

4.8 The Customer understands that an Independent Contractor-Customer relationship has been created by virtue of the Contractor Master Agreement between Company/its Agent and Contractor. Contractor is not an employee or agent of Company/its Agent. Company/its Agent will not be liable for personal injury, property damage or illegal activity caused by Contractor or Contractor's agents or employees. Company is not a guarantor of products and this Agreement does not limit Customer's rights regarding manufacturers, vendors and contractors.

4.9 Customer understands that this Agreement does not constitute a loan nor create any obligations under Kentucky law pertaining to consumer credit or mortgage financing. Early repayment of Retrofit obligations shall not result in any prepayment discounts nor refunds.

5. CUSTOMER AUTHORIZES COMPANY/ITS AGENT TO:

5.1 Assign the Retrofit Tariff to this location which shall remain in full force until the final Retrofit obligation has been paid in full.

5.2 Be its representative to coordinate and facilitate the installation of the Retrofit measure(s) listed above and related work including arranging for repair or replacement if any of the Retrofit measures fail prior to the Customer making the final payment.

5.3 Enter into the Contractor Installation Agreement with the Contractor on Customer's behalf for the purpose of installing Retrofit measure(s) and related work.

5.4 Enter into change orders with Contractor on behalf of the Customer so long as the change orders do not increase the Customer's monthly payment amount under the terms of this Agreement. Customer understands that any change order that increases Customer's monthly payment amount under this Agreement must be agreed to in writing by Customer, the Owner, the Company/its Agent and the Contractor.

6. CUSTOMER AUTHORIZES COMPANY/ITS AGENT TO:

6.1 Owner agrees to assume all the above mentioned Customer Responsibilities, Understandings and Authorizations, including Retrofit repayment whenever utility service to the above reference service location is in the Owners' name.

6.2 Owner shall make all remaining Retrofit payments upon closing their utility account or upon sale of the property or disclose the Retrofit monthly payment obligation to the next customer. Owners renting out the above premises shall disclose monthly Retrofit payment obligation to all subsequent tenants until the obligation has been repaid. Failure to disclose will constitute permission by the Owner for the next customer to break a lease or purchase agreement for the premises within thirty (30) business days of applying for utility service. A signed copy of the New Customer Disclosure form will constitute proof of disclosure.

6.3 Owner will maintain installed Retrofit measures in place for at least as long as there are payments due under this Agreement and responsible for any required maintenance and for costs incurred from failure to properly maintain the Retrofit measure(s).

6.4 Owner will be responsible for cost associated with owner damage.

6.5 Owner will obtain and maintain property insurance for casualty losses on the premises sufficient to ensure replacement of any measure installed under this program, or repayment of any outstanding Retrofit obligation if building/measures are not restored. Customer and owner agree to use any insurance claims payments to pay for replacement or repair of damaged measures with comparable products approved by Company/its Agent or to pay off any balance owed to the Company for Retrofit products installed in the premises.

6.6 Owner understands that this Agreement does not constitute a loan nor create any obligations under Kentucky law pertaining to consumer credit or mortgage financing. Early repayment of Retrofit obligations shall not result in any prepayment discounts nor refunds.

6.7 Owner warrants that (s)he is the sole owner or represents all owners of these premises and is authorized to sign below. If this is not the case, signee agrees to assume all responsibility for costs associated with the installation of Retrofit measures including but not limited to their installation, removal, premises repairs, and program costs.

7. OWNER AUTHORIZES COMPANY/ITS AGENT TO:

7.1 Arrange for installation of the Retrofit measures listed above and detailed in the Conservation Plan.

7.2 Assign the Retrofit Tariff to this premise. Owner understands repayment obligations will continue until such time Company has been fully reimbursed for costs itemized above. Owner has no repayment obligations at any time utility service is in the name of his/her current tenant or future tenants with this exception: Owner will assume the payment obligation any time a Retrofit measure is removed by Owner.

7.3 Owner may indicate a preferred Contractor among those qualified by the Company/its agent to install Retrofit measures. Owner authorizes the Company/its Agent to arrange for a qualified Contractor to install Retrofit measures. Owner understands that when an independent contractor installs Retrofit measures, an independent relationship has been created by virtue of the Contractor Master Agreement between Company/its Agent and Contractor. Contractor is not an employee or agent of the Company. Company/its Agent will not be liable for personal injury or property damage caused by Owner, Contractor or Contractor's agents or employees. Company is not a guarantor of products, materials, or work performed by contractor. This Agreement does not limit or increase Owner's rights regarding manufacturers, vendors and contractors.

7.4 Manage change orders consistent with the Conservation Plan. Any change that deviates from the approved Conservation Plan must be agreed to in writing by Customer, Owner, Company/its Agent, and the Contractor.

7.5 Issue payment for Retrofit products, materials and/or work when an independent contractor or vendor is used (Labor or installation charges will not be reimbursed for self-installed measures). Payment made by Company does not guarantee the work performed by the Contractor. The Contractor is solely responsible for the installation of the Retrofit measure(s).

7.6 Obtain insurance (e.g., fire) or authorize its agent to obtain insurance at its cost on the premises sufficient to ensure Company or its financing agent recovers all costs associated with measure installation. Any insurance costs to be charged back to Customer are included in the Retrofit measure costs noted above.

7.7 Record the attached UCC-1 Fixture Lien form at the County Clerk's Office to facilitate disclosure of Retrofit obligations to successor customers at this location.

8. AGREEMENT DURATION, TERMINATION AND MISCELLANEOUS PROVISIONS

8.1 This Agreement shall remain in full force and effect until the final Retrofit payment has been made, Customer closes the account at this location, or the Agreement is terminated by mutual consent of the parties.

No Retrofit payments will be due to Company until these premises are occupied but no later than three months after the completion of the work.

If the Customer breaches any of the terms of this Agreement, Customer shall reimburse Company for all costs incurred for Retrofit measures. Such costs include but are not limited to all costs for measures, installation, repair or replacement, administration, litigation, product subsidy, and interest. At its option, Company may recover these costs through payments to Company from customers at this location.

8.4 At Customer's request, at any time, Company will terminate this Agreement. Customer must pay all costs Company/its Agent incurred for these Retrofit measure(s).

8.5 No waiver, alteration or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of both parties to this Agreement. Notice from one party to the other under this Agreement shall be deemed to have been properly delivered if forwarded by First Class Mail to Customer or Company addresses noted on this page. Company maintains a right of inspection and access for repair, upon reasonable notice and during normal business hours, of the Retrofit measure(s) installed pursuant to this Agreement for the duration of this Agreement. Any such inspection shall not be deemed as endorsement by Company/its Agent of work performed.

8.8 In the event of any dispute arising over the Retrofit program between Customers, Owners, and/or Contractors, Company will work with the disputing parties to obtain a mutually satisfactory resolution. In the event a satisfactory resolution cannot be reached, the dispute will be submitted to an arbiter of Company's choice. Responsibility for all costs of arbitration shall be allocated between the disputing parties as determined by the arbiter.

8.9 Company's Retrofit program is subject to Kentucky Public Service Commission (PSC) jurisdiction and approved as Kentucky Energy Retrofit Rider.

8.10 The provisions of this Agreement shall benefit and bind the successors and assigns of Customer and Company. If any of this Agreement shall be held invalid or ineffective in whole or in part, such determination shall not be deemed to invalidate any of the remaining portions of this Agreement. This Agreement is governed by State law.

Name: _____ Date: _____ (Owner)

Name: _____ Date: _____ (Account holder - if different)

Name: _____ Date: _____ (Utility Representative)
