NOLIN
Rural Electric Cooperative Corporation
A Touchstone Energy® Cooperative

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AUG 19 2011
PUBLIC SERVICE COMMISSION

August 12, 2011

Faith Burns
Staff Attorney
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: PSC Case No. 2011-00141

Dear Ms. Burns:

In accordance with the Commission's request, please find enclosed a Budget Justification for our Smart Grid Initiative as well as an updated Milestone timeline. Both items have also been sent to DEDI.

If you have any questions about this filing, please feel free to contact me.

Sincerely,

Michael L. Miller

Michael L. Miller
President & CEO

Enclosures

411 Ring Road • Elizabethtown, KY 42701-6767 • (270) 765-6153

Budget Justification

Instructions and Summary

Agency Name: Nolin RECC

Form submitted by/phone #: Greg Harrington, 270-765-6153

Program Activity Name: Smart Grid Initiative

Date of Submission: 5/27/2010

Please read the instructions on each page before starting.
If you have any questions, please ask Amanda Cook (amanda.cook@ky.gov). It will save you time!

On this form, provide detailed support for the estimated project costs.

- The total budget presented on this form must include both Federal (DOE), and Non-Federal (cost share) portions, thereby reflecting TOTAL PROJECT COSTS proposed.
- For costs in each Object Class Category below, complete the corresponding worksheet on this form (tab at the bottom of the page).
- All costs incurred by the preparer's sub-recipients, vendors, contractors and consultants, should be entered only in section f. Contractual. All other sections are for the costs of the preparer only.

SUMMARY OF BUDGET CATEGORY COSTS PROPOSED

(Note: The values in this summary table are from entries made in each budget category sheet.)

CATEGORY	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Total Costs	Project Costs %	Comments (Add comments as needed)
a. Personnel	$0	$0	$0	$0	0.0%	
b. Fringe Benefits	$0	$0	$0	$0	0.0%	
c. Travel	$0	$0	$0	$0	0.0%	
d. Equipment	$0	$0	$17,000	$17,000	8.4%	
e. Supplies	$0	$0	$0	$0	0.0%	
f. Contractual						
Sub-recipient	$0	$0	$0	$0	0.0%	
Vendor	$0	$5,052	$17,843	$22,895	11.3%	
Total Contractual	$0	$5,052	$17,843	$22,895	11.3%	
g. Construction	$0	$0	$0	$0	0.0%	
h. Other Direct Costs	$0	$29,088	$16,017	$45,105	22.2%	
i. Indirect Charges	$0	$0	$0	$0	0.0%	
Federal Project Costs	$0	$34,140	$50,860	$85,000	41.9%	
j. Cost Share	$0	$7,700	$110,059	$117,759	58.1%	
Total Project Costs	$0	$41,840	$160,919	$202,759	41.9%	

Additional Explanations/Comments (as necessary)

f. Contractual

PLEASE READ!!!

The entity completing this form must provide all costs related to sub-recipients, vendors, contractors and consultants in the applicable boxes below.

Sub-recipients (partners, sub-awardees):
The support to justify the budgets of sub-recipients may be in any format, and at a minimum should provide what task(s) are being performed, the purpose/need for the effort, and a basis of the estimated costs that is considered sufficient for the Department for Energy Development and Independence evaluation.

Vendors (includes contractors and consultants):
List all vendors, contractors and consultants supplying commercial supplies or services used to support the project. The support to justify vendor costs (in any amount) should provide the purpose for the products or services and a basis of the estimated costs that is considered sufficient for the Department for Energy Development and Independence evaluation.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Sub-Recipient Name/Organization	Purpose/Tasks	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Project Total
EXAMPLE ONLY!!! Big State University (BSU)	Setup and manage Energy Efficiency program for BSU.	$48,000	$32,000	$16,000	**$96,000**
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
	Sub-total	**$0**	**$0**	**$0**	**$0**

Sub-Recipient Name/Organization	Purpose/Tasks	Budget Period 1 Costs	Budget Period 2 Costs	Budget Period 3 Costs	Project Total
Vendor Name/Organization	**Product or Service, Purpose/Need and Basis of Cost (Provide additional support at bottom of page as needed)**	**Budget Period 1 Costs**	**Budget Period 2 Costs**	**Budget Period 3 Costs**	**Project Total**
EXAMPLE ONLY!!! ABC Corp.	Contract with consultant for delivery of 5 one-day workshops for Energy Efficiency annually.	$7,500	$7,500	$7,500	**$22,500**
Roger Wilson/Wiison Consulting	Consultant for filing monthly, quarterly and/or annual requirements.		$5,052	$9,843	**$14,895**
Patterson and Dewar Engineers, Inc.	Consultant for initial proposal		$0	$8,000	**$8,000**
					$0
		$0	**$5,052**	**$17,843**	**$22,895**

Total Contractual		**$0**	**$5,052**	**$17,843**	**$22,895**

AdditionalExplanations/Comments (as necessary)

h. Other Direct Costs

PLEASE READ!!!

Other direct costs are direct cost items required for the project which do not fit clearly into other categories, and are not included in the indirect pool for which the indirect rate is being applied to this project. Examples are meeting costs, postage, couriers or express mail, telephone/fax costs, printing costs, etc.

Basis of cost are items such as vendor quotes, prior purchases of similar or like items, published price list, etc.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

General description	Cost	Basis of Cost	Justification of need
		Budget Period 1	
EXAMPLE ONLY!!! Grad student tuition	$16,000	Established UCD costs	Support of graduate students working on project
Budget Period 1 Total	$0		
		Budget Period 2	
Pre-Pay Meter (144 @ $202)	$29,088	Vendor quote for meter	Meters for readings
Budget Period 2 Total	$29,088		
		Budget Period 3	
Endpoints for Meters (116@138.08)	$16,017	Vendor quote for endpoints	Endpoints for Meters
Budget Period 3 Total	$16,017		
PROJECT TOTAL	**$45,105**		

Additional Explanations/Comments (as necessary)

j. Cost Share

PLEASE READ!!!

A detailed presentation of the cash or cash value of all cost share proposed for the project must be provided in the table below. Identify the source & amount of each item of cost share proposed by the award recipient and each sub-recipient or vendor. Letters of committment must be submitted for all third party cost share (other than award recipient).

Note that "cost-share" is not limited to cash investment. Other items that may be assigned value in a budget as incurred as part of the project budget and necessary to performance of the project, may be considered as cost share, such as: contribution of services or property; donated, purchased or existing equipment; buildings or land; donated, purchased or existing supplies; and/or unrecovered personnel, fringe benefits and indirect costs, etc. For each cost share contribution identified as other than cash, identify the item and describe how the value of the cost share contribution was calculated.

Funds from other Federal sources MAY NOT be counted as cost share. **Non-Federal sources include private, state or local Government, or any source not originally derived from Federal funds. Documentation of cost sharing commitments must be provided, if not already provided with the original application and they have not changed since its submission.**

Fee or profit will not be paid to the award recipients or subrecipients of financial assistance awards. Additionally, foregone fee or profit by the applicant shall not be considered cost sharing under any resulting award. Reimbursement of actual costs will only include those costs that are allowable and allocable to the project as determined in accordance with the applicable cost principles prescribed in 10 CFR 600.127, 10 CFR 600.222 or 10 CFR 600.317. Also see 10 CFR 600.318 relative to profit or fee.

Add rows as needed. If rows are added, formulas/calculations may need to be adjusted by the preparer.

Organization/Source	Type (cash or other)	Cost Share Item	Budget Period 1 Cost Share	Budget Period 2 Cost Share	Budget Period 3 Cost Share	Total Project Cost Share
ABC Company **EXAMPLE ONLY!!!**	Cash	Project partner ABC Company will provide 40 PV modules for product development at 50% off the of the retail price of $680	$13,600			**$13,600**
Nolin RECC/Personnel	Cash	Wages for Nolin RECC Personnel		$4,800	$34,200	**$39,000**
Nolin RECC/Fringe Benefits	Cash	Fringe Benefits for Nolin RECC Personnel		$2,900	$18,940	**$21,840**

Organization/Source	Type (cash or other)	Cost Share Item	Budget Period 1 Cost Share	Budget Period 2 Cost Share	Budget Period 3 Cost Share	Total Project Cost Share
Landis & Gyr/Equipment	Cash	(156) Pre-pay Landis & Gyr Meters priced @ $202 per meter		$0	$31,512	**$31,512**
Hunt Technologies	Cash	(184) End Points for Meters priced at $138.08 per meter			$25,407	**$25,407**
						$0
						$0
						$0
						$0
		Totals	**$0**	**$7,700**	**$110,059**	**$117,759**

Total Project Cost: $202,759

Cost Share Percent of Award: 58.1%

Additional Explanations/Comments (as necessary)

The status of the PrePay metering has developed swiftly in the last few months. The advent of the tariff approval from the Public Service Commission has given the course of action a more positive look for establishing the necessary steps in the program's development. Through this exercise, it has given us a much better understanding for future work that each individual electric utility when developing a PrePay program. It is of the utmost importance to be accountable, plus being responsive to other's needs.

The program's greatest change in direction has come in the section of In Home Displays ("IHD"). Our provider for PrePay meters has been unable to make a data exchange with the IHD that would benefit our members. Our program has the ability for the member to see and know their usage via the internet or over the telephone. The internet access has been a popular question among those asking about the program. The dollar amount which was allotted for the IHD will be reallocated to the purchase of AMI modules.

The software to communicate with the prepay meters has been purchased and installed on the billing main-frame server. Training on the software has been completed with the customer service representatives at the main office and branches offices.

There have been four meters installed at various locations of the system for testing and training. There have been no major issues in installation, testing or communication of the meters. They are read at various intervals and matched readings with internet use and actual readings. They have been turned off and turned on remotely; allowed to run out of "credits" then had "credits paid in" to have service restored; had "credits" added from office locations to assure compatibility.

Presently a survey is being prepared to evaluate the position of a base group to provide a level of a norm for energy conscience members. These surveys will be used to assess the PrePay members' opinion, and the survey will be used again at the end of the program to develop any change in normal group.

The milestones have been condensed and restructured to give a better definition of the programs time table and a more detailed work description.

JUL 2011	FINALIZE THE PSC TARIFF FOR ACTIVATION IN BILLING- AND TRAINING EMPLOYEES IN NEW DEVELOPMENT. START PLANNING PUBLICATIONS TO CONSUMERS(INITIAL MEMBERS AND CHANGEOVER MEMBERS).- COACH MEMBER SERVICES DEPARTMENT IN PROGRAM. -FINAL TESTING OF METERS FOR ACCURACY INFIELD COMPARISON TO SOFTWARE INSTALLED.
AUG 2011	DEVELOP A BASE AREA FOR COMPARISON OF A NORMAL GROUP. ADVERTISE PROGRAM OF PRE-PAY AND ENERGY EFFICIENCY PRODUCTS. -DEVELOP CUSTOMER SURVEY FOR FAMILIES PARTICIPATING. -START A DATA COLLECTION FOR NEW PREPAID MEMBERS AND BASE GROUP.
SEP 2011	DEVELOP AN AWARENESS OF ENERGY LOSS/CONSERVATION PROGRAM THAT KEYS TO A MARKET OF RESIDENTIAL HOMES- PROVIDE SECOND WAVE OF BILLING INSERTS FOR PRE-PAY PROGRAM.
OCT 2011	KENTUCKY LIVING ARTICLE ON PREPAY PROGRAM AND ENERGY EFFICIENCY.
NOV 2011	ENERGY EFFICIENCY AND SAFETY ARTICLE MAIL OUT
DEC 2011	DATA COMPILING OF MID-TERM TESTING EVALUATION
JAN 2012	DEVELOPMENT OF CUSTOMER SURVEY FOR EVALUATION FORM.
FEB 2012	FIRST MAILING OF CUSTOMER SURVEY FOR EVALUATION.
MAR 2012	DEVELOP COMPARISON OF PREPAY TO BASE CONSUMER IN: KWH USAGES, OFFICE SERVICES TIME, MEMBER SERVICES TIME, LATE AND/OR SERVICE FEES, PRICING COST, ENERGY AWARENESS DEVELOPED CHANGES, OTHER?
APR 2012	DATA RECOVERY AND ANALYSIS –WITH A-FINAL REPORT