



Farmers Rural Electric Cooperative Corporation

504 S. Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142 • (270) 651-2191 • Fax (270) 651-7552

RECEIVED

JUN 30 2015

PUBLIC SERVICE
COMMISSION

June 29, 2015

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Case No. 2014-00281

Dear Mr. Derouen:

Enclosed are responses to questions stated in the Appendix to an Order in the stated case.

Sincerely,

A handwritten signature in blue ink that reads 'Jennie G. Phelps'.

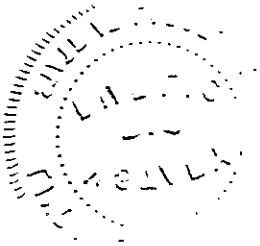
Jennie G. Phelps
Vice President, Finance & Accounting

Enclosure

Farmers RECC is an equal opportunity employer.

www.farmersrecc.com

A Touchstone Energy™ Cooperative The logo for Touchstone Energy, featuring a stylized human figure with arms raised, composed of colorful geometric shapes.



FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2014-00281
RESPONSES TO APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION

Request 1.

Number of homes that have completed an energy assessment during the preceding year and for the retrofit program to date.

Response 1.

One

Request 2.

Number of homes that have completed a retrofit during the preceding calendar year and for the program to date.

Response 2.

One

Request 3.

Number of new participants during the calendar year and for the program to date.

Response 3.

One

Request 4.

Average monthly payment during the preceding calendar year and for the program to date.

Response 4.

\$30.82

Witness: Jerry Carter

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Request 5.

Average monthly savings in dollars during the preceding calendar year and for the program to date.

Response 5.

\$35.00

Request 6.

To the extent available for each project during the preceding calendar year, the actual monthly savings in kWh usage compared to the estimated monthly savings.

Response 6.

The estimated monthly savings is 315 kWh, the actual monthly saving is 315 kWh.

Request 7.

A list of each account that became inactive during the preceding calendar year, including:

Request 7a.

The reason the account became inactive (non-payment, residence destroyed, etc.)

Response 7a.

No accounts became inactive during the preceding calendar year.

Request 7b.

The amount of the unpaid liability

Response 7b.

Not Applicable.

Request 7c.

Whether the account became active again during the preceding calendar year, and if so, when it became active.

Response 7c.

Not Applicable.

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Request 8.

If applicable, documentation of any and all of issues or complaints reported by participating on-bill financing customers during the preceding calendar year and how each issue was resolved.

Response 8.

None

Request 9.

A list of independent contractors qualified to participate in the program.

Response 9.

Ewing White, Lewisburg, KY
Harpers Heating and Cooling, Glasgow, KY
Sanders AC, Inc., Cub Run, KY
Steve Clark, Auburn, KY

Request 10.

A schedule of all fees charged by MACED for the services provided under the KER Rider program.

Response 10.

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 the service needed. See Attachment 1 – HowSmartKY™ Services and Fees of the “Kentucky Energy Retrofit Program Memorandum of Agreement”, Exhibit C of 2014-00281 the 8/7/2014 Farmers RECC Application for Approval of Kentucky Energy Retrofit Rider Permanent Tariff.

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Request 11.

The balance remaining in the Risk Mitigation Fund as of December 31 of the preceding calendar year.

Response 11.

The balance remaining in the Risk Mitigation Fund as of December 31, 2014 was \$57,100.

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For its Status Report to be filed on June 30, 2015, Farmers shall include the additional information below:

Request 12.

A comprehensive plan addressing how Farmers will educate and inform its customers about all aspects of the program, including, but not limited to, behavioral awareness, product information, and those obligations the customers would be assuming as a participant in the KER Rider program. This comprehensive plan should also include a checklist of items to be reviewed with each participating customer, as well as a signed customer acknowledgment that the items on the checklist have been reviewed with the customer.

Response 12.

A copy of FRECC's Comprehensive Plan is attached to this response.

Behavior

During the course of the Assessment, the Energy Specialist will identify Energy Conservation opportunities with the customer in addition to Energy Efficiency improvements. Examples include:

- Hot water heaters should be set at 115-120 degree to maximize efficiency of the tank.
- The EPA recommends that thermostats should be set no higher than 70 in the winter and 78 or above in the summer.
- Turning the temperature down on your A/C doesn't make the house cool any quicker, but it does waste more energy.
- Turn off lights – a single 100W bulb costs a penny an hour to leave on. An overhead fixture may have three bulbs in it.

Farmers RECC has a well-developed set of online and print resources through our Simple Savings and Together We Save programs which we will share with customers in addition to items reviewed in person with the Energy Specialist.

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Response 12 (continued).

The Energy Specialist will also explain the “rebound” effect.

Farmers RECC and MACED are aware of the emerging application of targeted messaging to Energy Conservation Behavior. As research on best practices in this area becomes available, HowSmartKY will customize messaging by segment to optimize impacts for the customer and minimize energy use.

Product information

The installer will provide instruction on the maintenance and operation of any equipment installed.

Obligations

Review of the Conservation Plan provides another education forum in which Energy Specialists will explain the difference between heating and base load, the impacts of the EE measures, where additional behavioral savings might be realized, and what the obligations of the program are.

The Conservation Plan also provides a clear explanation of how the charge is calculated and the term of the pay-back. During review, the Energy Assessor will review that disconnection is the recourse for non-payment the same as any other portion of the utility bill.

Farmers RECC’s customer service division will have the capacity to answer questions arising after installation about the bill, the charge, and whom to contact about concerns.

Checklist/Signature Page

After review, the Conservation Plan will be signed. It includes a checklist of items that the customer affirms that they understand at the time of signing.

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Request 13.

The set of criteria upon which a third-party contractor is selected to be included in Farmers' contractors list.

Response 13.

Third-party contractors are selected to be included in Farmers' contractors list by agreeing to the provisions of the HowSmart Program by completing the "HowSmartKY Participating Contractor Master Agreement". The "HowSmartKY Participating Contractor Master Agreement" is included as Exhibit B of 2014-00281/20140916 Farmers RECC response to PSC staff first request for information.

Witness: Jerry Carter



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Farmers Rural Electric Cooperative Corporation
How\$mart KY
Comprehensive Plan for Educating Members

The How\$mart KY program allows members of Farmers RECC to finance, through their electric bill, measures taken to improve the energy efficiency of their home. This program ensures that the cost of an energy efficiency retrofit to lower members' energy bills does not exceed the cost of their bill before improvements, making it more financially feasible to make the necessary improvements for a more comfortable, cost-effective life.

Educating members about How\$mart will be accomplished through the following media:

1. Kentucky Living Magazine - Farmers RECC members are all eligible to receive the monthly Kentucky Living magazine, which includes a four-page insert with content directly from Farmers RECC. The program will be advertised no less than once per year with ad space, as well as feature space in this section of the magazine.
2. Social Media - Farmers RECC will also feature the How\$mart program on our social media channels, which include Facebook and Twitter, no less than twice per month.
3. Website - The How\$mart program will also be featured prominently on our website twice per year, with a banner advertisement, which will include a link to the Kentucky Living magazine article. The program will also appear on the website, in a lesser capacity throughout the year.
4. Bill Inserts – The How\$mart program will be featured on a bill insert, included with all members' bills no less than once per year.
5. Radio – The program will be advertised through various radio channels one month per year.
6. Counter Cards – Since our cooperative receives several thousand payments each month via walk-in traffic, we will display How\$mart counter cards twice per year and more throughout the year.
7. Banner-ups – These large displays, also featured in our lobbies, will also feature How\$mart no less than twice per year.
8. Digital Signage – We will feature the program no less than twice per year on the digital signage installed in our lobbies, as well as on our internal digital signage, seen by all of our employees.

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9. Employee Education – We will also brief our employees on the basics of the How\$mart program and offer several answers to frequently asked questions at our fall employee meeting, so they are able to speak to the general aspects of the program and direct members to the correct individual at the cooperative for further information.
10. Annual Meeting – Each year Farmers RECC holds an Annual Meeting for our membership where they learn more about our Cooperative, as well as financial statements, Board elections and programs and services offered by Farmers RECC. Beginning in 2015 and thereafter, we will include information about the How\$mart program, the requirements to qualify and how to begin the process.
11. Other Community Events – Where appropriate, we will also communicate the benefit of the How\$mart program at other community events where large numbers of our members are expected to attend.

As additional communication channels develop with our members we will develop those to help communicate the impact and benefit of the How\$mart program to our members.

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