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 Rate Schedules 1 (residential) and 2 (commercial/small industrial).

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.
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.

- 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 Charge 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 that the Company's current average cost of long-term debt.

- 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 the 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 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 accounts,
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 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.

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-warrantee 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 account is in the Owner's name. Residential accounts will have repayment terms of up to 15 years, while commercial property accounts 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, warrantees, 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.

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 an 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. Premises in which Retrofit measures will be installed must be permanently anchored to a foundation.

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 qualifies 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.

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-warrantee repairs or missed payments.

6. If an account 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 loss in accordance with the Company's approved Terms and Conditions.

Energy Efficiency Measure Purchase Agreement

Customer Name: _____ Agreement Date: _____, 20_____

Customer Mailing Address: _____

Service Address: _____

Customer Phone - day: _____evening:_____ mobile:_____

Account #:_____ Meter/Location ID:_____ Occupancy:_____Owner _____Renter

Property Owner's Name:_____ Co-Owner Name:_____

Owner's Phone:_____ Co-Owner Phone:_____

Owner Mailing Address: _____

Co-Owner Address:_____

1. ENERGY EFFICIENCY MEASURE(S) PURCHASED, NOT-TO-EXCEED COST & ESTIMATED SAVINGS

Energy Efficiency Measure(s)*	Projected Cost	Not to Exceed Monthly Payment**	Est # Payments	Current value of projected savings (yr)
Energy Efficiency Measure Product(s) Total				

* Detailed description of products(s) and specifications for installation included in the attached Conservation Plan.
** Total Monthly payment amount(s) include a portion of Energy Efficiency Measure program costs.

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 Energy Efficiency 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

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implementing, maintaining, disclosing and paying for the above mentioned Energy Efficiency 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 Energy Efficiency 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 Energy Efficiency Measures, all remaining payments will be due with the final bill.

4.3 Maintain the installed Energy Efficiency Measure 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 warrantee repairs.

4.4 Customer shall notify the Company if any of the above Energy Efficiency Measures stop working. The Company/its Agent will verify Energy Efficiency Measure failure, assess repair need/cause and authorize the repair. The Company/its agent may suspend Customer's 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 warrantee repairs and any remaining repair costs. The Company/its Agent may increase the number of remaining Energy Efficiency Measure payments to recover repair costs not reimbursed, including administration.

Alternatively, Customer may repair Energy Efficiency 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 Energy Efficiency Measure 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 Energy Efficiency 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 Energy Efficiency 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 Energy Efficiency Measures to their new account .

4.7 Customer will make a good faith effort to participate in How$mart program follow-up surveys for the purpose of evaluating the effectiveness of the Energy Efficiency Measures 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 Energy Efficiency Measure obligations shall not result in any prepayment discounts nor refunds.

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5. CUSTOMER AUTHORIZES COMPANY/ITS AGENT TO:

5.1 Assign the How$mart Tariff to this location which shall remain in full force until the final Project Charge has been paid in full.

5.2 Be its representative to coordinate and facilitate the installation of the Energy Efficiency Measures listed above and related work including arranging for repair or replacement if any of the Energy Efficiency 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 Energy Efficiency Measures 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. OWNER RESPONSIBILITIES AND UNDERSTANDING

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

6.2 Owner shall make all remaining How$mart payments upon closing their utility account or upon sale of the property or disclose the monthly payment obligation to the next customer. Owners renting out the above premises shall disclose monthly 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 Energy Efficiency 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 Energy Efficiency Measure 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 Energy Efficiency Measure 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 Energy Efficiency Measure 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 Energy Efficiency Measure obligations shall not result in any prepayment discounts nor refunds.

6.7 Owner warrantees 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 Energy Efficiency Measures including but not limited to their installation, removal, premises repairs, and program costs.

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7. OWNER AUTHORIZES COMPANY/ITS AGENT TO:

7.1 Arrange for installation of the Energy Efficiency Measures listed above and detailed in the Conservation Plan.

7.2. Assign the How$mart 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 Energy Efficiency Measure measure is removed by Owner.

7.3 Owner may indicate a preferred Contractor among those qualified by the Company/its agent to install Energy Efficiency Measures. Owner authorizes the Company/its Agent to arrange for a qualified Contractor to install Energy Efficiency Measures. Owner understands that when an independent contractor installs Energy Efficiency 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 Energy Efficiency Measure 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 Energy Efficiency Measure 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 Energy Efficiency Measure costs noted above.

7.7 Record a UCC-1 Fixture Lien form at the County Clerk's Office to facilitate disclosure of Energy Efficiency Measure 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 Energy Efficiency Measure payment has been made, Customer closes the account at this location, or the Agreement is terminated by mutual consent of the parties.

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

8.3 If the Customer breaches any of the terms of this Agreement, Customer shall reimburse Company for all costs incurred for Energy Efficiency 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 Energy Efficiency Measure 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.

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8.6 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.

8.7 Company maintains a right of inspection and access for repair, upon reasonable notice and during normal business hours, of the Energy Efficiency Measure 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 Energy Efficiency Measure 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 Energy Efficiency Measure program is subject to Kentucky Public Service Commission (PSC) jurisdiction and approved as Kentucky Energy Efficiency Measure 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.

Customer	Date Signed
Owner	Date Signed
Co-Owner	Date Signed
Company	Date Signed

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How$martKY Participating Contractor Master Agreement

Contractor Name: _____ Agreement Date: _____, 20_____

Contractor Mailing Address: _____

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 How$mart 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 How$mart 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

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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 How$mart 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.

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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. WARRANTEES

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 warrantees 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.

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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

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How$martKY Efficiency Plan

Draft ver. 12-28-2010

Customer Name	JF
Owner Name	JF
Account #	00001
Utility Name	MACED
Assessor's Name	JF
Date of Assessment	12/20/2010
Current Rate	0.068 per kWh

How your Home uses Electricity

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

	Estimated Use (yr)		Amount Wasted	
Heating	11,805	kwh	-	kwh
Cooling	15,911	kwh	7,365	kwh
Base Load	1,793	kwh	-	kwh
	29,509	**kwh**	**7,365**	**kwh**

25% **of the energy you buy is going to waste**

Smart Energy Efficiency Improvements

- ✓ Improve Attic Insulation
- ✓ Improve Floor Insulation
- ✓ Reduce Duct leakage
- ✓ reduce air leakage
- ✓ 0
- ✓ 0
- ✓ 0

Estimated Value of Measures:	$4,850
Not to exceed amount	$5,755

Energy Efficiency *is different than Energy Conservation.*

Energy Efficient measures deliver the same and often better performance than current equipment while also using less energy. Energy Conservation meaures are actions that you can take to reduce your energy consumption such as turning off lights or taking shorter showers.

Your current electrical usage is equivilent to:

56	**60W light bulbs**
14	**Number we can turn off**

$500	**Approx. cost next year of wasted energy**
$370	**Approx. cost next year of How$mart**

The How$mart project charge will appear on your bill monthly. It has been calculated to be less than the value of the savings and to pay back the cost of the improvements over 15 years, at which point it will no longer appear on your bill.

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 How$mart project 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: thermastat and other equipment settings, the impact of lighting changes, and additional appliance or home investments not covered under the How$martKY program.

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 How$mart Investment 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

			Estimate	Not to Exceed
		Project Charge	*$31.00*	*$37.56*
		Estimated Materials and Labor	$4,850.00	$5,755.11
Payback Period (years)	15	Project Management Fee (5%)	$242.50	$287.76
Cost of Capital	3.00%	Estimated Total Cost of Work	$5,092.50	$6,042.86
		Total Interest over life of payback	$487.23	$718.21
		Total Payments over life of payback	$5,579.73	$6,761.07

Signed:

signature

date

printed name

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

☐ 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

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - 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:

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 Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ 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 B 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."*

Note: If Debtor is a trust or a trustee acting with respect to property held in trust, enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1b and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured-Home Transaction or a Public-Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.

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 Officer 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.

Transfer Customer Retrofit Disclosure Form

Energy Retrofit measures were installed at this location to save on utility costs. Monthly Retrofit charges will appear on your electric/gas bill. The savings are estimated to be significantly greater than the charges.

Read below to understand what this means.

This form should be signed prior to signing a lease or purchase agreement for this property.

Property Address: _____ Unit #: _____

Location ID: _____

Whoever pays the utility bills at this location will be required to make monthly payments to Company for cost-saving energy Retrofit measures installed here. Payments will continue until the required number of payments for these measures has been paid. These measures were installed to lower the utility bills for this location. If you decide to occupy the premises you will get these lower utility bills. Therefore, you will help pay for these products as long as you receive the savings and there are remaining payments to be paid. The savings are estimated to be greater than the charges.

If you want more information **before buying this property or signing a lease**, you can call Grayson Rural Electric (1-800-562-3532) to learn about the:

- Specific Retrofit measures installed,
- Monthly payment amount,
- Number of payments remaining, and
- Your estimated savings.

When you request utility service, Company will send you a form outlining your Retrofit related Customer Responsibilities, including:

- Making monthly payments,
- If you rent, promptly reporting to your landlord if a Retrofit measure stops working, and,
- If you own the property, maintaining the 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 should I choose to rent or buy the premises. I am signing this form before signing any purchase or lease agreement.

(Purchaser/Renter) Signature_____Date _____

(Purchaser/Renter) Name (print) _____

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