

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.

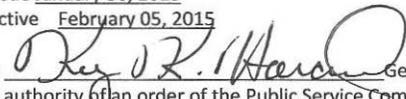
Terms and Conditions – Any and all regulations, guidelines, and agreements under which the Company provides service to the Customer.

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/CEO
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

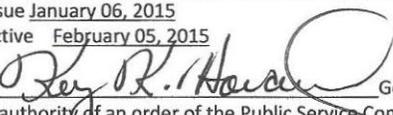
The Conservation Plan will be developed by the Company or its Agent and specify measures recommended by the Company to the prospective Retrofit Customer.

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.

Date of Issue January 06, 2015

Date Effective February 05, 2015

Issued By  General Manager/CEO

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. 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.

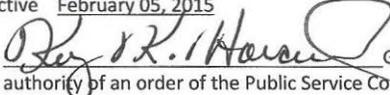
A Customer’s and Landlord’s signature on the Retrofit Agreement shall indicate acceptance of the Conservation Plan.

“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

Date of Issue January 06, 2015

Date Effective February 05, 2015

Issued By  General Manager/CEO
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. 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.

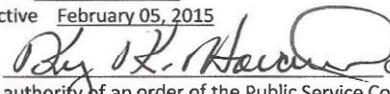
The Company/its Agent(s) will:

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

Date Effective February 05, 2015

Issued By  General Manager/CEO

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. 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

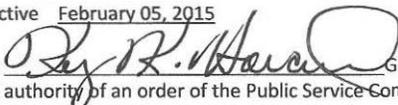
The Customer or Landlord is obligated to pay for overall utility service which includes both the electric service provided and the repayment of the energy efficient investment as presented on the monthly bill. In the event no payment is made and the total monthly bill become past due, then delinquency 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

Date Effective February 05, 2015

Issued By  General Manager/CEO
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. 7

Name of Issuing Corporation

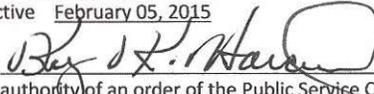
-
4. At its sole discretion, the Company will determine the maximum Retrofit program investment in any year.

 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.

Date of Issue January 06, 2015

Date Effective February 05, 2015

Issued By  General Manager/CEO

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

Case No. _____ Dated _____