

Grayson Rural Electric Cooperative Corporation

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Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

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JAN 04 2011

PUBLIC SERVICE
COMMISSION

January 3, 2011

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

Dear Mr. Derouen:

RE; Case No. 2010-00089

Enclosed you will find the original and seven (7) copies of information requested in your order of December 16, 2010.

Sincerely,



Don M. Combs
Mgr. Finance & Accounting

For
The Joint Applicants

- Big Sandy Rural Electric
- Fleming-Mason Energy
- Grayson Rural Electric
- Jackson Energy

The undersigned, Don M. Combs, as Mgr. of Finance & Accounting for Grayson Rural Electric, being first duly sworn, states that the responses to an order dated December 16, 2010, herein are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: December 30, 2010

Grayson Rural Electric

By: _____ 

Don M. Combs
Mgr. of Finance & Accounting

Subscribed, sworn to, and acknowledged before me by

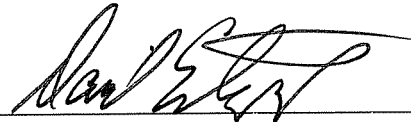
Don M. Combs, as Mgr. Finance & Accounting for Grayson Rural Electric
on behalf of said Corporation this 3rd day of January, ~~2010~~ 2011.

Marshall A. Shacker
Notary Public State at large
Commission Expires 1-9-2011

The undersigned, David Estep, as President/General Manager of Big Sandy RECC, being first duly sworn, states that the responses to an order dated December 16, 2010, herein are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: January 3, 2011

Big Sandy RECC

By: 

David Estep
President/General Manager

Subscribed, sworn to, and acknowledged before me by
David Estep as *President* for *Big Sandy RECC* on behalf of
said Corporation this *3rd* day of *January*, 2011.

Judy L. McClure
Notary Public
State of Kentucky
County of Johnson
Notary expires 6-19-14

The undersigned, Rodney Chrisman, as Manager of Economic Development and Community Relations, of Jackson Energy Cooperative, being first duly sworn, states that the responses to an order dated January 3, 2011, herein are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: JAN 3 - 2011

Jackson Energy Cooperative

By: Rodney Chrisman

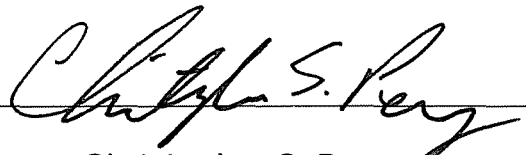
Rodney Chrisman
Manager of Economic Development and
Community Relations

Subscribed, sworn to, and acknowledged before me by Rodney Chrisman, as
Manager of Economic Development + Community Relations for Jackson Energy Cooperative
on behalf of said Corporation this 3rd day of January, 2011.

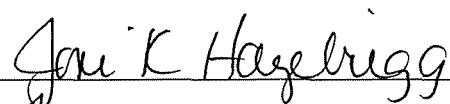
The undersigned, Christopher S. Perry, as President & CEO of Fleming-Mason Energy Cooperative, Inc., being first duly sworn, states that the responses to an order dated December 16, 2010, herein are true to the best of my knowledge and belief formed after reasonable inquiry.

Dated: 1-3-10

Fleming-Mason Energy Cooperative, Inc.

By: 
Christopher S. Perry
President & CEO

Subscribed, sworn to, and acknowledged before me by
Christopher S. Perry, as President & CEO for Fleming-Mason Energy Cooperative, Inc. on behalf of said Corporation this
3rd day of January, 2011.

Notary: 

My commission expires: June 20, 2014

Index

Exhibit #1	KER Rider - Education Plan
Exhibit #2	KER Rider - 3 rd Party Contractor Criteria
Exhibit #3	KER Rider - Conservation Plan & Checklist

1. “the Commission will require the Joint Applicants to file a comprehensive plan addressing how they would educate and inform their 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 acknowledgement that the items on the checklist have been reviewed with the customer.”

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.

The Coops have a well developed set of online and print resources through their Simple Savings and Together We Save programs which they will share with customers in addition to items reviewed in person with the Energy Specialist.

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

The Joint Applicants 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, How\$martKY 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.

Each Coop'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.

2. “the Joint Applicants shall file with the Commission the set of criteria upon which a third-party contractor is selected to be included in each of the Joint Applicant’s contractor’s lists.”

RESPONSE:

The Coops have agreed to a joint list of Threshold Criteria for listing on the Contractor List

- 1) Executed Master Contractor Agreement with the Coop
- 2) Licensed as required by state, local, or professional bodies
- 3) Good standing with any participating Coops
- 4) Participation in part-day training/orientation hosted by the Coops
- 5) Insurability Requirements:
 - 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.

While the threshold criteria is designed to allow for easy inclusion on the list, it does not guarantee selection for work. Criteria such as price, experience, and Utility Member preference will decide the Contractor selected.

How\$mart^{KY} Efficiency Plan

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 measures 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 equivalent 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: thermostat 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

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

Signed:

signature

date

printed name