



**Big Sandy Rural Electric  
Cooperative Corporation**

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**ORIGINAL**

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FEB 26 2010

**PUBLIC SERVICE  
COMMISSION**

*February 25, 2010*

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602

*Case No. 2010-00089*

RE: Joint Application for Approval of a Pilot On-Bill Financing Program  
And KY Energy Retrofit Rider

Dear Mr. Derouen:

Please find enclosed for filing with the Commission an original and ten (10) copies of the Joint Application of Big Sandy Rural Electric Cooperative Corporation, Fleming-Mason Energy Cooperative, Inc., Grayson Rural Electric Cooperative Corporation, and Jackson Energy Cooperative for approval of a pilot On-Bill financing program and accompanying tariff titled the "KY Energy Retrofit Rider".

Sincerely,

*Albert A. Burchett*

cc: Attorney General's Office w/ enclosure

ORIGINAL

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 26 2010

PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE JOINT APPLICATION OF BIG SANDY )  
RURAL ELECTRIC COOPERATIVE )  
CORPORATION, FLEMING-MASON )  
ENERGY COOPERATIVE, INC., GRAYSON )  
RURAL ELECTRIC COOPERATIVE )  
CORPORATION, AND JACKSON ENERGY )  
COOPERATIVE FOR AN ORDER )  
APPROVING AN ON-BILL FINANCING )  
PILOT PROGRAM TITLED THE "KY )  
ENERGY RETROFIT RIDER" )

CASE NO. 2010- 00089

APPLICATION

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy"), Fleming-Mason Energy Cooperative, Inc. ("Fleming-Mason"), Grayson Rural Electric Cooperative Corporation ("Grayson"), and Jackson Energy Cooperative ("Jackson") (collectively "Joint Applicants") hereby petition the Commission by application to issue an Order approving a proposed on-bill financing pilot program based upon the tariff sheets and other supporting documentation attached to this application. The pilot program will be titled the "KY Energy Retrofit Rider" ("KER Rider") and the Joint Applicants will partner with the Mountain Association for Community Economic Development ("MACED") to operate the pilot program. In support of this application, the Joint Applicants state the following:

1. Big Sandy's post office address is 504 Eleventh Street, Paintsville, Kentucky 41240.

2. A certified copy of Big Sandy's Articles of Incorporation are on file with the Commission in Case No. 1995-00383, Adjustment of Rates of Big Sandy Rural Electric Cooperative Corporation, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3)..

3. Fleming-Mason's post office address is 1449 Elizaville Road, P. O. Drawer 328, Flemingsburg, Kentucky 41041.

4. A certified copy of Fleming-Mason's Articles of Incorporation are on file with the Commission in Case No. 1990-00081, Adjustment of Rates of Fleming-Mason Rural Electric Cooperative Corporation, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

5. Grayson's post office address is 109 Bagby Park, Grayson, Kentucky 41143.

6. A certified copy of Grayson's Articles of Incorporation are on file with the Commission in Case No. 1994-00418, The Application of Grayson Rural Electric Cooperative Corporation for an Adjustment to Its Retail Electric Power Tariffs, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

7. Jackson's post office address is 115 Jackson Energy Lane, McKee, Kentucky 40447.

8. A certified copy of Jackson's Articles of Incorporation are on file with the Commission in Case No. 2000-00373, The Application of Jackson Energy Cooperative Corporation for an Adjustment of Rates, and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 8(3).

9. There are no applicable statutes, regulations, or Commission Orders that require the Joint Applicants to publish or file notice of this application prior to, or contemporaneously with, the filing hereof. In particular, the provisions of 807 KAR 5:011 do not require the publication or filing of notice.

10. The Joint Applicants are public utilities, as defined in KRS 278.010(3)(a), and are non-profit corporations engaged in the electric business. Big Sandy purchases, distributes, and sells electricity at retail in Breathitt, Floyd, Johnson, Knott, Lawrence, Magoffin, Martin, and Morgan counties. Fleming-Mason purchases, distributes, and sells electricity at retail in Bath, Bracken, Fleming, Lewis, Mason, Nicholas, Robertson, and Rowan counties. Grayson purchases, distributes, and sells electricity at retail in Carter, Elliott, Greenup, Lawrence, Lewis, and Rowan counties. Jackson purchases, distributes, and sells electricity at retail in Breathitt, Clay, Estill, Garrard, Jackson, Laurel, Lee, Leslie, Lincoln, Madison, Owsley, Powell, Pulaski, Rockcastle, and Wolfe counties. East Kentucky Power Cooperative, Inc. ("EKPC") is the wholesale power provider for the Joint Applicants.<sup>1</sup>

11. MACED was founded in 1976 as a private, non-profit corporation organized to provide comprehensive community development support to Appalachian communities by enhancing employment and living conditions in the area. MACED's major programs consist of business development, sustainable forestry, energy efficiency, and public policy research and education. MACED is a tax-exempt organization under

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<sup>1</sup> EKPC has assisted the Joint Applicants by facilitating discussions and coordinating the circulation of draft documents in conjunction with the proposed on-bill financing pilot program and supports the Joint Applicants efforts. However, as no changes are required to its tariffs due to the proposed pilot program, EKPC is not an applicant in this proceeding.

Section 501(c)(3) of the Internal Revenue Code as a non-profit organization other than a private foundation. MACED serves Kentucky and Central Appalachia, with a focus on the 54 Appalachian counties of Kentucky as designated by the Appalachian Regional Commission.<sup>2</sup>

### **Background**

12. For a number of years, EKPC and its Member Cooperatives have worked together to encourage and perform energy audits and recommend a variety of measures retail customers could implement to improve the energy efficiency of their homes and businesses. However, the financing of energy efficiency measures has generally been left to the retail customer, as any financing assistance provided by EKPC or its Member Cooperatives is subject to the provisions of KRS 278.300.

13. In early 2009, MACED and several EKPC Member Cooperatives began discussing a financing alternative where the savings produced on retail customer utility bills resulting from the installation of energy efficiency measures would be utilized to pay for the measures. This financing alternative is commonly referred to as “on-bill” financing. A unique feature of this alternative would be that the investment in an energy efficiency measure, or retrofit, is tied to the customer’s meter.

14. On June 23, 2009, representatives of MACED, EKPC, and five Member Cooperatives met with Commission Staff and the Attorney General (“AG”) to discuss the on-bill financing concept and gain an understanding of the issues that would need to be

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<sup>2</sup> The counties are Adair, Bath, Bell, Boyd, Breathitt, Casey, Carter, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, Metcalfe, McCreary, Madison, Magoffin, Martin, Menifee, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe.

addressed if a pilot program were offered to Member Cooperative customers. On July 7, 2009, MACED, EKPC, and the five Member Cooperatives requested a Commission Staff legal opinion letter asking whether a pilot program for on-bill financing of energy efficiency retrofits using a tariffed approach that invests these retrofits in a customer's meters was permissible under Kentucky law. In a July 29, 2009 letter, the Commission's Executive Director responded that Commission Staff was of the opinion that a tariff-based approach to on-bill financing would not be in contravention of Kentucky law.<sup>3</sup>

15. The on-bill financing approach has been approved and implemented in several other states, including Kansas, Georgia, Hawaii, and New Hampshire. Like demand side management efforts, these initiatives include energy efficiency as part of utility service. However, under the tariffed approach, only those benefiting directly from energy efficiency services bear the costs of those services. Utilities created the programs because they recognized efficiency as a resource, particularly in situations where it is more cost effective to invest in demand reduction than to pay for expensive peak power. In other states the tariffed retrofits have transformed high-bill complaints into the utilities' most satisfied customers. Further, experience has shown there is a low risk of default, as default rates range from zero to less than 1%. The regulatory commissions in the other states have approved on-bill financing because the program is based on a whole house approach, creates net energy bill savings, aligns the best interests of landlords and tenants, utilities and customers, allows beneficiaries to pay directly for the services they consume, and reduces the need for new electrical generation to meet peak demand.

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<sup>3</sup> The Joint Applicants and MACED acknowledge that the July 29, 2009 letter was advisory in nature and not binding on the Commission should the issues be formally presented for Commission resolution.

16. The Joint Applicants are aware of similar on-bill financing programs in Kentucky. Pennyrite Rural Electric Cooperative Corporation offers an on-bill loan program to commercial customers. In the Tennessee Valley Authority's ("TVA") service area, two versions of financing are available. Secured financing, which is subsidized by TVA, is available if the distribution company is participating. The secured financing option is not tariffed, but repayment is included on the bill with the distribution company sending the payments to the lender, who in turn pays the contractors directly. Unsecured financing is provided by Energy Finance Solutions, a non-profit corporation based in Wisconsin, and is available to anyone in the TVA service area, regardless of whether the distribution company is participating in the program or not.

17. Prior to filing this application, the Joint Applicants and MACED provided a draft of the proposed KER Rider and this application to the AG for his review and comments on the proposed pilot program. In general, the AG thought the concept appealing, but preferred not to provide any specific comments on the proposed KER Rider and the application.

#### **Description of the Proposed Pilot Program**

18. The KER Rider is a voluntary tariff available to customers for improving resource efficiency and reducing energy consumption and customer bills to a wide variety of homes and businesses in eastern Kentucky at no initial cost to the customer. The retrofits will be paid for out of the savings these investments produce on the customer's electric bill. The retrofit costs are capped at 90% of the estimated savings, so that customer's bills will still be smaller, on average, than they were before making the efficiency improvements. Customers would start to see savings immediately on the next

bill after the installation, without needing up-front capital for home efficiency upgrades. The utility invests in an energy retrofit tied to the customer's meter. Once the retrofits are paid off in 15 years or less, customers' bills will drop dramatically. The Joint Applicants are proposing that the KER Rider be operated as a pilot program over the next two years, targeting no more than 300 customers during the pilot period.

19. The Joint Applicants propose the KER Rider as a two-year pilot program, with a target participation of at least 200 residential and small business customers in eastern Kentucky. Each of the Joint Applicants plans to work with 50 customers and may opt to work with additional customers, depending on demand and funding, up to a collective total of 300. By working together and with MACED, EKPC,<sup>4</sup> and the University of Kentucky Extension Service, the Joint Applicants can standardize marketing, audit and retrofit practices, contractor development, and quality control.

20. The proposed KER Rider is attached as Exhibit A to this application. The proposed KER Rider requires the development of a "Conservation Plan" for each retrofit option proposed for a customer. The Conservation Plan is a detailed analysis of the expected savings and costs for each proposed option, with a full disclosure of the financing of the option. The proposed KER Rider also discusses the responsibilities of the cooperative and customer during the program, including how the change in ownership of the property or failure to make payments will be handled. The other program documents are attached as Exhibits B through E to this application.

21. Current technology and building standards could bolster efficiency of existing structures and reduce energy bills. Typically the small businesses and

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<sup>4</sup> EKPC anticipates continuing the energy efficiency activities it already undertakes with its Member Cooperatives.



households of eastern Kentucky that would benefit the most from reduced energy bills can least afford the upfront costs of efficiency investments. As a tariffed part of utility service, the KER Rider will provide financing with significantly lower costs than non-tariffed approaches since the need for traditional underwriting is eliminated.

22. The funding for initial program administration, including data infrastructure development, program design and coordination will be provided by MACED from existing funds already committed to energy sector development. MACED is also seeking specific on-bill funding from both state American Recovery and Reinvestment Act funds distributed through the Kentucky Housing Corporation and private foundation funding. The capital for the investments will come from an initial \$500,000 that MACED has on hand and an additional up to \$1,500,000 in proposals pending with private foundations and the U. S. Department of Treasury Community Development Finance Institution (“CDFI”) Fund. MACED is a certified CDFI.

23. A common data infrastructure will pool pilot data and measurements of key variables to streamline program evaluation and highlight opportunities for design improvement. Key evaluation questions will include (a) are energy retrofits cost effective for utility customers; (b) are energy savings realized; and (c) how accurate are cost and energy savings estimates. Working with the Joint Applicants, MACED will collect and analyze the data to answer these questions during the operation of the pilot program. While retrofits will be paid off over a number of years, the energy savings will be apparent in usage as soon as a retrofitted structure has been through its dominant energy season, either heating or cooling. It is anticipated that data indicating retrofit effectiveness should be available on at least 100 retrofits two years from the operating

start date. The Joint Applicants and MACED expect approximately a three to four month period of program set-up will be required between Commission approval of the KER Rider and the first retrofits.

24. In developing the pilot program, the Joint Applicants and MACED have defined the program roles, operations, and obligations.

A. As a part of utility service, the Joint Applicants will identify targeted customers, conduct initial energy assessments, estimate energy savings, oversee installation, and verify that retrofits are satisfactorily completed. This provides accountability for the customer that the retrofit work is performing as projected. The Joint Applicants will file Uniform Commercial Code fixture liens, which show up in title searches, as back-up notification to prospective purchasers of meters associated with the retrofit tariff.

B. MACED will assemble program funding, work with the Joint Applicants to research and establish best audit and estimation practices, develop data systems, maintain data on behalf of the Joint Applicants, and finance retrofits. MACED will also expand entrepreneurial support services to target building trades people retooling to bid on energy efficiency or reduced energy retrofits. MACED will not pursue the customer or the Joint Applicants if a meter is disconnected, but will instead wait for service to be reconnected so that payments can resume.

C. Utility customers participate voluntarily, by requesting an energy assessment and retrofit services. They agree to maintain efficiency measures, including homeowner's insurance against casualty losses, and notify any subsequent purchaser or

tenant of the energy retrofit and tariff. Customers also pay for their retrofit from their energy bill savings.

25. The KER Rider has been designed to reduce financial risks at all stages of development.

A. For the Joint Applicants, construction risk is limited by the use of certified and insured contractors. If any advance payments are made, then the contractor must be performance-bonded for those amounts. Repayment default risk is shifted to the financier, but is remarkably low in similar programs. Any delinquency in payment is handled like any other non-payment for utility service. Utility risk is further reduced through reimbursement for administrative and audit costs upon financing.

B. For MACED, once the loan is made, MACED's capital is patient in the event that a meter is disconnected for a period of time. Payments will cease until the meter is turned back on. Any outstanding balance will be amortized once the meter is reactivated. Given the low default rates of similar programs elsewhere, MACED's financing risk is quite low.

C. For utility customers, initially utility bills should go down unless they change their behavior. Behavioral changes are detectable by shifts in energy use patterns. If contractor's work is faulty, retrofit charges will be suspended until the installation is repaired and verified by the cooperative. Further, all contractors will be required to carry \$1,000,000 in liability insurance to protect against accidental damage. Finally, by reducing peak demand, all customers will see their utility bills decrease, reducing overall risks to customers in the participating cooperative's service area.

26. A “Kentucky Energy Retrofit Collaborative” is being developed to establish and promote quality assurance in energy efficiency metrics and programs across the state. The Joint Applicants and MACED expect to work with this broader network. Other partners are expected to join the collaborative. The partners will be working with the Commonwealth of Kentucky as a funder and advisor. The Joint Applicants and MACED wanted to make the Commission aware of this collaborative, and stress that moving forward with the proposed KER Rider is not contingent upon or connected to the development of this collaborative.

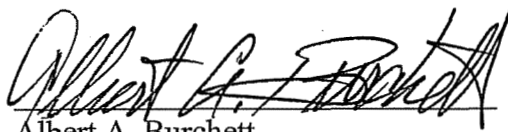
27. Attached to this application are the following documents associated with the KER Rider and the on-bill financing pilot program:

- Exhibit A – Sample KER Rider.
- Exhibit B – Sample Energy Retrofit Purchase Agreement.
- Exhibit C – Sample Participating Contractor Master Agreement.
- Exhibit D – Sample Transfer Customer Retrofit Disclosure Form.
- Exhibit E – Sample Automated Utility-Generated New Retrofit Customer Transfer Form.

WHEREFORE, the Joint Applicants request that the Commission issue an Order as soon as possible approving for a two-year period the on-bill financing pilot program, including the proposed KER Rider, as described herein and as set out in the attached illustrative tariff sheets.

Dated:

Respectfully submitted,



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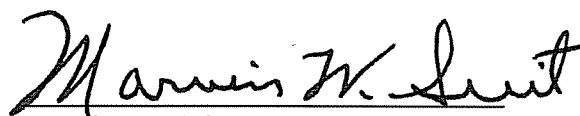
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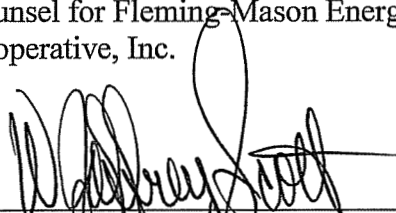
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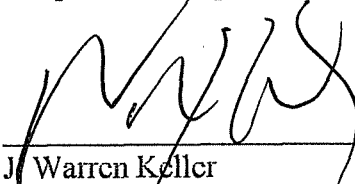
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EXHIBIT A

SAMPLE KY ENERGY RETROFIT RIDER

## KY Energy Retrofit RIDER

### AVAILABILITY

The KY Energy Retrofit 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).

### RETROFIT INVESTMENT AND REPAYMENT TERMS

1. No up-front investment is required by participating 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 participating 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 until the account is reopened, combined with another account/service or its meter 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 a 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

## KY Energy Retrofit RIDER

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 the 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 than the Company’s current average cost of long-term debt.
- Retrofit Project Charge- 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,

## KY Energy Retrofit RIDER

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 Participating 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-warranty 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

## KY Energy Retrofit RIDER

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

## KY Energy Retrofit RIDER

5. The initial term of the Retrofit Investment Agreement may be extended by the Company or its Agent to recover its costs for out-of-warranty 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.

**EXHIBIT B**

**SAMPLE ENERGY RETROFIT PURCHASE AGREEMENT**

# Energy Retrofit 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. RETROFIT MEASURE(S) PURCHASED, COST & ESTIMATED SAVINGS

Retrofit Efficiency Measure(s)*	<i>Portable</i>	Projected Cost	Measure Payment	Total Monthly Payment**	Est # Paymts	Estimated Savings/Mo
<b>Retrofit Product(s) Total</b>						

\* 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 Retrofit 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 Retrofit 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 implementing, maintaining, disclosing and paying for the above mentioned Retrofit 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 Retrofit 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 Retrofit measures, all remaining payments will be due with the final bill.
- 4.3 Maintain the installed Retrofit 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 warranty repairs.
- 4.4 Customer shall notify the Company if any of the above Retrofit measures stop working. The Company/its Agent will verify Retrofit failure, assess repair need/cause and authorize the repair. The Company/its agent may suspend Customer's Retrofit Project charges while repairs are being made, to the degree that energy savings are compromised. Contractors and warranties will cover costs of repairs due to defects in workmanship or equipment per contract and warranties. Customers will cover costs for customer damage, out of warranty repairs and any remaining repair costs. The Company/its Agent may increase the number of remaining Retrofit payments to recover repair costs not reimbursed, including administration.

Alternatively, Customer may repair Retrofit 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 Retrofit 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 Retrofit 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 retrofit 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 Retrofit measures to their new account .
- 4.7 Customer will make a good faith effort to participate in Retrofit program follow-up surveys for the purpose of evaluating the effectiveness of the Retrofit system 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 Retrofit obligations shall not result in any prepayment discounts nor refunds.

## **5. CUSTOMER AUTHORIZES COMPANY/ITS AGENT TO:**

- 5.1 Assign the Retrofit Tariff to this location which shall remain in full force until the final Retrofit obligation has been paid in full.

- 5.2 Be its representative to coordinate and facilitate the installation of the Retrofit measure(s) listed above and related work including arranging for repair or replacement if any of the Retrofit 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 Retrofit measure(s) 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 Retrofit repayment whenever utility service to the above reference service location is in the Owners' name.
- 6.2 Owner shall make all remaining Retrofit payments upon closing their utility account or upon sale of the property or disclose the Retrofit monthly payment obligation to the next customer. Owners renting out the above premises shall disclose monthly Retrofit 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 Retrofit 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 Retrofit 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 Retrofit 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 Retrofit 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 Retrofit obligations shall not result in any prepayment discounts nor refunds.
- 6.7 Owner warrants 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 Retrofit measures including but not limited to their installation, removal, premises repairs, and program costs.

## **7. OWNER AUTHORIZES COMPANY/ITS AGENT TO:**

- 7.1 Arrange for installation of the Retrofit measures listed above and detailed in the Conservation Plan.
- 7.2 Assign the Retrofit 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 Retrofit measure is removed by Owner.

- 7.3 Owner may indicate a preferred Contractor among those qualified by the Company/its agent to install Retrofit measures. Owner authorizes the Company/its Agent to arrange for a qualified Contractor to install Retrofit measures. Owner understands that when an independent contractor installs Retrofit 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 Retrofit 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 Retrofit 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 Retrofit measure costs noted above.
- 7.7 Record the attached UCC-1 Fixture Lien form at the County Clerk's Office to facilitate disclosure of Retrofit 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 Retrofit 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 Retrofit 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 Retrofit 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 Retrofit 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.
- 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 Retrofit 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 Retrofit 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 Retrofit program is subject to Kentucky Public Service Commission (PSC) jurisdiction and approved as Kentucky Energy Retrofit 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

Company Address

Version 1/25/10

EXHIBIT C

SAMPLE PARTICIPATING CONTRACTOR MASTER AGREEMENT

# Company Energy Retrofit Program 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 Company Energy Retrofit Program, the Contractor becomes a participating Contractor in the Program to install Retrofit 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 Retrofit measures to the Company. Retrofit 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 Energy Retrofit program.
- 2.2 Approved Retrofit 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 Retrofit 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 Retrofit 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 Retrofit measure performance failing to meet the specifications set forth in the 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 Retrofit 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 Retrofit measures, (5) Collecting Retrofit 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 Retrofit 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 Retrofit measures. Company/its agent may waive Customer/owner acceptance of work as a requirement for payment if it deems work is complete and acceptable.

- 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. WARRANTIES**

- 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 warranties 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 Retrofit measures.

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 ENERGY, INC.

Date

CONTRACTOR

Date

Company Address

EXHIBIT D

SAMPLE TRANSFER CUSTOMER RETROFIT DISCLOSURE FORM

# KY Energy Retrofit Program Model Form

## 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 Company (1-800-000-0000) 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) \_\_\_\_\_

EXHIBIT E

SAMPLE AUTOMATED UTILITY GENERATED  
NEW RETROFIT CUSTOMER TRANSFER FORM

# KY Energy Retrofit Program Model Form

## Automated Utility-Generated New Retrofit Customer Transfer Form

New service start date: \_\_\_\_\_, 20\_\_\_\_ Location ID# : \_\_\_\_\_

Customer Name: \_\_\_\_\_ Account Number: \_\_\_\_\_

Address: \_\_\_\_\_ Customer is: \_\_\_\_\_ Tenant \_\_\_\_\_ Owner  
 \_\_\_\_\_ Occupancy: \_\_\_\_\_ Owner \_\_\_\_\_ Renter

**To save energy costs, Retrofit measures were installed at the above location where you have requested Company utility service. Monthly Retrofit charges will appear on your utility bill. The savings are estimated to be greater than the charges. The specific Retrofit measure(s) installed, the monthly payment, number of remaining payments and savings estimate(s) are noted below.**

Retrofit Measure(s)	Monthly Payment	Est. Number Payments	Projected Cost	Estimated* Monthly Savings
<b>Retrofit Measure Totals</b>				

Date payments started \_\_\_\_\_, outstanding balance \_\_\_\_\_, expected payoff date \_\_\_\_\_\*

\*Savings estimates were developed by \_\_\_\_\_ prior to measure(s) installation on \_\_\_\_\_, 2\_\_\_\_.

If box is checked, some of your estimated savings will appear on another utility's monthly bill.

- If Customer is a tenant, Customer is obligated to:
1. Make consecutive monthly payments specified above to Company as part of the utility bill until all payments have been made or until Customer no longer has an account with Company at this premise, whichever occurs first. Customer is not responsible for Retrofit obligations in these circumstances:
    - (1) Landlord will assume the payment obligation at any time utility service is in the Landlord's name.
    - (2) Landlord will assume the payment obligation anytime a Retrofit measure fails or is removed and after Customer notice the Landlord fails to repair or replace it within thirty (30) days. The Retrofit repayment obligation will revert to the tenant upon repair or replacement of failed measures.
  2. Promptly notify Landlord of any Retrofit measure failures or maintenance needs. Responsibility for costs of maintenance and repairs shall be governed solely by the lease or rental agreement between the Landlord and Customer, subject to Kentucky law.

- If Customer is the property owner, Customer is obligated to:
1. Make consecutive monthly payments specified above to Company as part of the utility bill until all payments have been made or another party assumes responsibility for utility bill payment at this premise, whichever occurs first. If any Retrofit measure should fail to operate properly and upon written notice to Company, Customer may suspend payment of Retrofit obligation for a maximum of sixty (60) days while the company arranges for repairs. Any such suspension will extend the Retrofit obligation until all required payments are made. Company may refuse suspension of payments if failure of the Retrofit measure cannot be substantiated.

2. Maintain the installed Retrofit measure(s) in place for at least as long as there are payments due and be responsible for all required maintenance and for all costs incurred from failure to properly maintain the measure(s).
3. Allow Company/its agent(s) reasonable access to repair a Retrofit measure that is not working and recover any unreimbursed costs after warranty payments are applied by increasing the number of Retrofit payments at this location to Company notwithstanding your responsibility for costs associated with damage you cause or your responsibility for maintaining Retrofit measure(s). Alternatively, you may repair Retrofit measures at your expense if approved by Company and, if applicable, will be entitled to any reimbursement from existing warranties.
4. Provide for insurance to ensure all Company costs associated with the Retrofit measure(s) can be recovered if the premises, including the installed measures, are damaged or destroyed.
5. Make a good faith effort to participate in follow-up surveys for the purpose of evaluating the effectiveness of the Retrofit program and to provide information requested by the State Public Service Commission so that it can fulfill its regulatory oversight responsibilities.
6. Make all the remaining payments upon closing the account or disclose the Retrofit monthly payment obligation to the next responsible party. Failure to disclose the Retrofit obligation to subsequent tenants or buyer will constitute permission by Customer for the tenant or buyer to break any lease or purchase agreement within thirty (30) business days of utility service being requested without cost or recourse by Customer. This clause creates third party beneficiary rights. The attached disclosure form should be used to disclose the Retrofit obligation to the successor customer or owner.

**Other Terms and Conditions:**

1. Obligations herein will remain in full force and effect until the final Retrofit payment has been made.
2. In the event Customer fails to fulfill any of these responsibilities, Customer will be liable to Company for the remaining balance of all costs incurred for the Retrofit measures. Such costs include but are not limited to all costs for measures, installation, Retrofit program administration, and litigation.
3. No waiver, alteration or modification of any of the provisions of these responsibilities will be binding unless in writing and signed by Company and the Customer.
4. Company maintains a right of inspection upon reasonable notice and during normal business hours, of the Retrofit measure(s) installed for the duration of Retrofit obligations. Any such inspection shall not be deemed as endorsement by Company of work performed.
5. Retrofit does not constitute a loan or create any obligations under Kentucky law pertaining to consumer credit or mortgage financing. Early repayment of Retrofit obligations shall not result in any prepayment discounts or refunds.
6. In the event of any dispute arising over the Retrofit program between Customers, Landlords 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.
7. Company's Retrofit program is subject to Kentucky Public Service Commission jurisdiction and the approved Energy Retrofit Rider.
8. The provisions of the Retrofit program shall benefit and bind the successors and assigns of Customer and Company. If any portion 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 the program.