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January 22, 2014

RECEIVED

JAN 27 2014

PUBLIC SERVICE
COMMISSION

Jeff Derouen
KY Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

RE: KY Energy Retrofit Rider
CASE #: 2013-00398

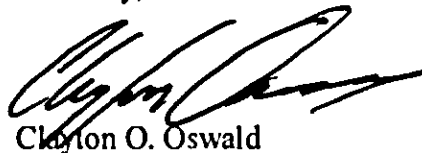
Dear Mr. Derouen:

Please find enclosed with this letter Jackson Energy's responses to the commission's first data request in the above-referenced matter.

Please feel free to call if you have questions or concerns.

With kindest regards,

Sincerely,



Clayton O. Oswald

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COO/can
Enc.

The undersigned, Larry S. Lakes, as Vice President of Consumer Services of Jackson Energy Cooperative, being first duly sworn, states that the responses to an order dated November 27, 2013, herein are true to best of my knowledge and belief form after reasonable inquiry.

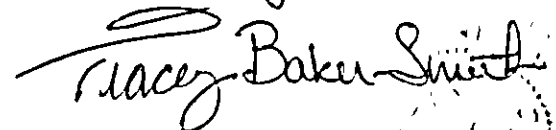
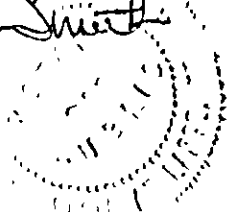
Dated: January 17, 2014

Jackson Energy Cooperative

By: 
Larry S. Lakes

Vice President of Consumer Services

Subscribed, sworn to, and acknowledged before me by Larry L. Lakes, as
V.P. Consumer Services on behalf of said Corporation this 17 day of January, 2014.

The undersigned, Bill Blair, as Data Manager of Mountain Association for Community Economic Development, being first duly sworn, states that the responses to an order dated November 27, 2013, herein are true to best of my knowledge and belief form after reasonable inquiry.

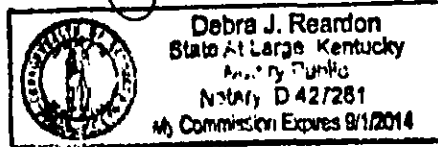
Dated: January 17, 2014

Mountain Association for Community
Economic Development (MACED)

By: Bill Blair
Bill Blair
Data Manager

Subscribed, sworn to, and acknowledged before me by BILL BLAIR as
DATA MANAGER on behalf of said Corporation this 17 day of JANUARY, 2014.

Debra J. Reardon, NOTARY



Case No. 2013-00398

First Data Request-January 7, 2013

1. Refer to page 1 of the Application ("Application") which states, "the Applicant requests a continuance of the existing pilot program in Case No. 2010-00089 pending the issuance of a final order in this case." Also, refer to the application Case No. 2010-00089 paragraph 19, which states, "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."
 - a. Explain why Jackson Energy did not participate in the joint application in Case No. 2012-00484.
 - b. Explain whether Jackson Energy has continued to operate its on bill financing program, even though it expired. If yes, identify the number of participants and the costs involved in each retrofit project that was commenced after December 16, 2012.

Response:

Larry Lakes

- a. At the time of the joint application in Case No. 2012-00484, Jackson Energy ('Jackson') had concerns about the potential of default on loans associated with Kentucky Energy Retrofit Rider ('KER Rider') in light of the absence of a mitigation plan during the pilot program to recover defaulted loan amounts. This concern was accentuated by the unanticipated number of Jackson Energy customers who desired to participate in the program.

We are now aware that the administrative entity MACED and the co-applicants in above noted case have addressed this concern with the development of a definitive mitigation plan to be implemented in conjunction with the recently approved permanent filings of the co-applicants. By continuing involvement in this program, Jackson would have reduced risk against default on all new loans and as the mitigation fund grows even be afforded reduced risk against default on loans made during the pilot time period.

Initially Jackson personnel experienced a steep learning curve associated with this program which produced a strain on personnel resources. Jackson now understands that the administrative entity, MACED has modified the processes involved in this program to provide greater efficiencies including additional resources for field qualifying future potential applicants. Additionally Jackson has recently restructured our Energy Advisor staffing (unassociated with this filing) that would permit greater efficiencies in processing interested applicants for this program.

At the time of the joint application in Case No. 2012-00484, Jackson was in process of a change in management. Jackson's new management team has concluded after a thorough review of results experienced during the pilot program that our customers will benefit substantially from continuance of this program.

- b. Jackson did not commence any new retrofit project after the date of December 16, 2012. Work continued on some retrofit projects commencing before December 16, 2012 resulting in completion early in 2013.

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First Date Request – January 7, 2014

2. Refer to page 1 of the Application which states, "The program will be titled 'KY Retrofit Rider' ('KER Rider') and the applicant will partner with the Mountain Association of Community Development ('MACED') to operate the program." Provide the total dollar amount, to date, of funds paid by MACED to Jackson Energy, as well as the total dollar amount of funds paid by Jackson Energy to MACED for the retrofit project.

Response:

Larry Lakes

Funds paid by MACED to Jackson Energy for KY Retrofit Rider loans are \$275,682.00

Funds paid to MACED by Jackson Energy on KY Retrofit Rider loans are \$ 40,767.36

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3. Refer to page 3 of the Application, paragraph 7, which states, "Since the December 16, 2010 Order by the Commission approving the Applicant's KER Rider pilot program, the Applicant with MACED has conducted 86 assessments resulting in 54 completed retrofit projects across the program."

a. Provide by year and customer class since December 16, 2010, the number of assessments and completed retrofit projects on behalf of Jackson Energy customers. Also, identify any retrofit projects on behalf of Jackson Energy customers that have been done since the two-year pilot program expired.

b. Explain whether Jackson Energy filed semi-annual report with the Commission in 2013.

Response:

Larry Lakes/Bill Blair

a. All participants of the Jackson Energy How\$mart™ KY pilot participants are residential class. The program was available to small businesses as well, but there were no participants from that customer class. Jackson Energy did not initiate any new How\$mart™ loans beyond the expiration of the two-year pilot program on December 16, 2012.

Year	Assessments	Completed
2011	15	10
2012	71	43

b. Jackson did not file a semi-annual report with the Commission in 2013. Jackson last filed a semi-annual report with Commission in December 2012 coincidental with the end of the pilot program.

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4. Refer to page 3 of the Application, paragraph 7, which states, "On average, each job cost \$7872 to complete with financing covering \$5556 of the project cost. The total capital financed was \$300,033. The average energy cost savings per home was \$599 annually. The average monthly Retrofit Charge is \$38."

a. Provide the types and a breakdown of costs involved in completing a project that is representative of the \$7872 average.

b. Explain why, on average, there is a \$2316 difference between the \$7872 cost of a job and the financing which covers \$5556 of the project cost, and identify who is financially responsible for the difference.

c. If the average monthly Retrofit Charge is \$38, provide the average length of financing.

d. Provide the average payback associated with the \$38 retrofit charge.

e. Provide documentation that supports the annual savings of an actual retrofit project for a Jackson Energy customer compared with the monthly Retrofit Charge for that same retrofit project.

Response:

Jackson wishes to correct a clerical error made in our original filing for this permanent KER Rider filing which is noted above in number 4. The amount stated as total capital financed of "\$300,033" was incorrect. The total capital financed was actually "\$275,682".

a. All values are for service location 21042216

Value of Retrofit Measures (HVAC system, insulation, air sealing, etc.)	\$7350.00
Utility Administrative Fee	\$ 242.10
Capital Fee	\$ 29.90
Ky Home Performance (KHP) Rebate	(\$1470.00)
Utility Rebates	(\$ 500.00)
Total Financed	\$5649.00

b. The difference between the cost of the retrofit and the amount of financing is due to individual or the combination of offsetting credits applied before financing which include:

Demand Side Management (DSM) rebates, KHP grant monies, and/or applicant buy down monies.

- c. The average length of financing is 14.2 years.
- d. The average payback period of time is 9.3 years.
- e. At service location 24397 the Projected Average Energy Savings per month was \$44. In the first year after the completed retrofit, the actual average savings was \$57.83 per month.

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5. Refer to pages 3-4 of the Application, paragraph 8, which states,

In implementing the pilot program, the applicant did not experience additional administrative costs associated with the KER Rider. The applicant has not hired additional staff or incurred substantive additional administrative costs as a result of the program. Some additional administrative costs incurred by the applicant have been, to date, adequately covered by the existing project management fee calculated as part of the Retrofit Project Charge. Initial training costs associated with attaining Building Performance Institute Certification were reimbursed by funding made available through the Kentucky Home Performance Program. Because the program does not have additional expenses associated with Implementation, no additional costs are passed on to the customers as a result of KER Rider.

- a. Provide the estimated dollar amount of the additional accounting costs incurred by Jackson Energy that have been covered by existing project management fee.
- b. Provide the average amount of the project management fee to Jackson Energy for projects to date.
- c. Provide the total amount of funding provided through Kentucky Home Performance Program to Jackson Energy for reimbursement of the initial training costs associated with attaining Building Performance Institute certification.
- d. Explain whether Jackson Energy believes there may be any future additional costs that would be passed on to the customers as a result of "Kentucky Energy Retrofit Rider" ("KER Rider"), and if so, provide a description and estimated amount of those additional costs.

Response:

Larry Lakes/Bill Blair

- a. Costs associated with this program include UCC filing fees, software fees, and accounting for labor. No additional actual labor costs were associated with the program since re-allocation of existing labor resources was utilized.
- b. The average project management fee (Utility Admin Fee) is \$235.02.
- c. Jackson received \$10,538.52 for training and equipment associated with initiating the KY Retrofit Rider program
- d. Jackson does not anticipate any additional future costs that would be passed on to the customer as a result continuation of the KER Rider

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6. Refer to page 4 of the Application, paragraph 11a., which states, “The annual interest rate used to calculate the Retrofit Project Charge would be no more than the cost of the capital pool used to finance the investment, not the cost of the company’s long-term debt used for other purposes.”

- a. Explain the basis of this proposed change.
- b. Identify how the KER Rider would be jeopardized if this specific change is not made to the existing program.
- c. State whether this change represents an increase in the Retrofit Project Charge.
- d. State whether the terms “annual interest rate” and “cost of capital” are synonymous for purposes of the Retrofit Project Charge.
- e. State whether payments made on projects are returned to the pool of capital set aside for future energy retrofit projects. If returned, state approximately what percentage of the total payments are returned to the pool.
- f. Provide the average cost of capital used to finance the projects.

Response:

Larry Lakes/Bill Blair

- a. The purpose of the change is to directly tie the cost of the capital used by the utility to the interest rate in the retrofit project charge, thus keeping the capital cost revenue neutral for the utility.
- b. If the capital costs are not revenue neutral, additional capital costs could accrue to the customer or to the utility.
- c. It does not affect the Retrofit Project Charge.
- d. Yes
- e. The capital source for How\$mart™ to date has been MACED’s lending portfolio. When funds are repaid to MACED per the loan agreements between MACED and the co-op, these funds revert to MACED’s general pool of capital for lending. MACED indicates no foreseeable problem with continuing to be able to furnish sufficient capital for this work even with significant expansion of the program and additional co-ops participating.

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7. Refer to page 5 of the Application, paragraph 11b., which states, “The investment is tied to the physical location, not an account that is tied to an individual.” Also, refer to page 4 of the Application, paragraph 9, which states,

To date, no participating locations are inactive. In this case, repayment would be suspended in accordance with the program guidelines. When utility service resumes at the property, the Retrofit Project Charge would resume as part of the normal utility billing. In a few cases, participating locations have significant damage from a fire or natural disaster, but electric service has remained current resulting in no interruption in the repayment of the Retrofit Project Charge.

- a. Explain the necessity of tying the investment to the physical location as opposed to the account of an individual customer.
- b. Provide the specific number of participating locations in Jackson Energy’s territory that have significant damage from fire or natural disaster, as defined by Jackson Energy.
- c. Provide the total number of completed retrofit project locations in Jackson Energy’s service territory that have been sold, foreclosed upon, or for which owners have had a change of address since the completion of the retrofit projects.
- d. Explain what will occur if a physical location is destroyed, for example by fire or natural disaster, before the retrofit project debt is fully serviced.
- e. If foreclosure occurs at a physical location where a retrofit project has been completed, explain who is responsible for any remaining debt incurred as a result of the retrofit project.
- f. If a physical location is for sale and there is a prospective buyer, explain when and how a prospective buyer is informed as to any remaining retrofit project debt obligation.
- g. State whether Jackson Energy is aware of any real estate sale not being completed due to the prospective buyer’s not having been made aware until the time of closing of any remaining outstanding indebtedness due to a retrofit project. If so, indicate the manner in which the issue was resolved.
- h. Explain what risk the members of Jackson Energy have or could reasonably have as a result of any defaulted retrofit project debt.
- i. Since the filing of this Application, state whether there are any inactive locations in Jackson Energy’s service territory. If so, provide the number of such inactive locations and the amount of the remaining debt.

Response:

Larry Lakes/Bill Blair

- a. The fundamental concept of this program is to increase the energy efficiency of the physical structures that will have a useful life of 15 years or more. The underlying premise being that the occupant of the structure will receive benefit of the retrofit with lower electric bills for however long they live there. While in most cases, the customer plans to remain at the location, it is not a requirement to qualify for this program. Jackson feels that it is important to make the distinction that the investment is tied to the location rather than the original applicant.
- b. Jackson has had one location associated with this program to experience significant damage from fire. Service to this location was temporarily disconnected to permit repair by the owner with service restored once repairs were affected. The monthly customer retrofit repayments at this location continued uninterrupted.
- c. Jackson has had one completed retrofit project location that has been foreclosed upon. The electric service at the retrofitted location was disconnected and has yet to be reconnected in another customer name which would permit continued billing of the retrofit charge at that location. The original applicant has subsequently voluntarily executed a repayment contract for the total unpaid balance of the loan which has been secured by a lien on other property (a different location other than original retrofit) owned by the applicant.
- d. Jackson will require proof of homeowner's insurance and will obtain permission from the applicant to be listed as a payee on said insurance policy(s) which would provide recovery in the event of total loss of the structure due to a covered peril.
- e. In the event of foreclosure, Jackson would have three options for recovery. 1. A lien on the foreclosed property should require the foreclosing entity to resolve unpaid loan balances in order to obtain a clear deed on the foreclosed property. 2. The original applicant would be given the option of total loan repayment. 3. A subsequent resident would be made aware of and billed the retrofit charge at the location going forward.
- f. The original retrofit applicant acknowledges, coincidental with the execution of the retrofit, their obligation to inform any future prospective buyers of the existence of the retrofit charge on the utility bill. A lien (UCC) is filed at the appropriate local court house coincidental with the original loan execution that would be discoverable upon any title search associated with the sale of the property. Jackson specifically notes accounts participating in this program in order to identify the retrofit charge to any future requests for service at the location subsequent to the original applicant.
- g. Jackson is unaware of any real estate sales not being completed as a result of an existent retrofit indebtedness at the location.

Witness: Jackson Energy – Larry Lakes

MACED – Bill Blair

- h. Jackson foresees no reasonable risk to Jackson Energy members as a result of defaulted retrofit debt associated with this program.**
- i. There is presently one inactive service location associated with the retrofit program with an unpaid principal balance of \$6,515.91. See response to 7c above.**

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8. Refer to page 5 of the Application, paragraph 12, which states, “The KER Rider remains a voluntary tariff available to customers for the purpose of improving resource efficiency and reducing energy consumption and net customer bills.” Explain how the KER Rider is considered “voluntary,” given the program ties the investment to the physical location, rather than to the individual account holder.

Response:

Larry Lakes

The term “voluntary tariff” refers to any customer who qualifies, may choose to participate in this program. Jackson will not require participation in this program by any of its customers. Any customer who volunteers to participate in the program will be informed that this investment will remain tied to the electric bill for the retrofit location until full repayment of the project cost is accomplished. Refer to responses for question 7 above as further clarification to what transpires in the event of the transfer of the physical location to another party.

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9. Refer to page 5 of the Application, paragraph 12, which states, “The proposed KER Rider requires the development of a ‘Conservation Plan’ for retrofit options proposed to the 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 option.”

- a. Provide an example of a Conservation Plan developed for a Jackson Energy customer during the pilot program.
- b. Refer to 9.a. Provide an analysis of the projected savings associated with the identified Conservation Plan as compared with the actual savings experienced by the customer.

Response:

Larry Lakes/Bill Blair

- a. See Pages 2 - 6 for an example of a Jackson Energy customer Conservation Plan.
- b. Monthly projected savings for this example \$44.00
Actual savings for this example \$57.83



Location ID:	24397
Name	Mark Sulfridge
OwnerName	
Phone	(606) 287-3719
Assessor	Roger Medlock
Date	8/3/2011

How Your Home Uses Energy

model baseline	Elec	Gas	Propane	Wood/Coal
Heating	6,790 kWh	0 kBTU	0 kBTU	0 kBTU
Cooling	2010 kWh	0 kBTU	0 kBTU	0 kBTU
Base	18900 kWh	0 kBTU	0 kBTU	0 kBTU
Total (yr)	27,700 kWh	0 kBTU	0 kBTU	0 kBTU
	26900 kWh	0 kBTU	0 kBTU	0 kBTU

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

How Your Home Could Save Energy

- Replace 6 windows.
- Install R-19 Insulation in floor.
- Add insulation in attic to 15" total from existing.
- Install Programmable Thermostat.
- Replace HVAC Heating with New HVAC Heating System.
- Replace HVAC Cooling with New HVAC Cooling System.
- Seal Attic Hatch
- Seal around Sliding Door

<u>Savings from Baseline:</u>	<u>Savings from Actuals:</u>	<u>Conversions to Fuel</u>	<u>Current Rates</u>	<u>Projected Savings (yr)</u>
5157 kWh (Elec)	4,357 kWh (Elec)	4,357 kWh	0.12 /kWh	\$523
0 kBTU (Gas)	0 kBTU (Gas)	0 therms	2.00 /Therm	\$0
0 kBTU (Propane)	0 kBTU (Propane)	0 Gal	2.88 /Gal	\$0

Based on savings from insulation and air seal only due to calibration.

Projected Avg Energy Savings (mo) \$44
before monthly HowSmart Charge

Financing

\$8,128.66 Cost of Improvements (est):
\$2,625.18 Customer Paid for Item(s)
\$1,625.73 Kentucky Home Performance
\$798.87 Rebates - Utility

\$3,078.88 Utility Contribution
\$5,366 Not to Exceed Amount (90% of Savings)
@ 3%
over 15 years
\$22 Monthly Charge
51% of projected savings

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 Installments 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 How\$martKY.

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 Kentucky Energy Retrofit Rider (marketed as How\$martKY) 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 improvements is as follows:

	<u>Estimate</u>	<u>Not to Exceed</u>		
Fixed Monthly Charge	\$22	\$39		
Capital Investment	\$3,079	\$5,366		
Project Fee(s)	4.50% \$139	\$241	Payback Period (years)	15
Capital Fee	0.50% \$15	\$27	Cost of Capital	3%
Total Interest over life of payback	<u>\$801</u>	<u>\$1,451</u>		
Total Cost over life of payback	\$4,019	\$7,058		

Account Holder: _____
print name
Date: _____

Owner: _____
print name
Date: _____



Energy Efficiency for Everyone

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	CoopName	LocationID	BR_Read_Date	BR_Billing_Date	BR_Days_In_Use	BR_kWh	BR_Start_Date	BR_End_Date	BR_HDD	BR_CDD	BRBillingMonth	BRBillingYear	AR_Read_Date
2	Jackson Energy	Jacksonenergy	24397	19-Mar-10	2010-03-22	29	2562	2010-02-19	2010-03-19	699.9	0.3	Mar	10
3	Jackson Energy	Jacksonenergy	24397	19-Apr-10	2010-04-22	31	1534	2010-03-20	2010-04-19	314.4	62.9	Apr	10
4	Jackson Energy	Jacksonenergy	24397	19-May-10	2010-05-22	30	1401	2010-04-20	2010-05-19	171.7	67.1	May	10
5	Jackson Energy	Jacksonenergy	24397	19-Jun-10	2010-06-22	31	1680	2010-05-20	2010-06-19	11.1	288.1	Jun	10
6	Jackson Energy	Jacksonenergy	24397	19-Jul-10	2010-07-22	30	2203	2010-06-20	2010-07-19	4.4	370	Jul	10
7	Jackson Energy	Jacksonenergy	24397	19-Aug-10	2010-08-22	31	2267	2010-07-20	2010-08-19	1.2	422.9	Aug	10
8	Jackson Energy	Jacksonenergy	24397	19-Sep-10	2010-09-22	31	1771	2010-08-20	2010-09-19	31.3	278.7	Sep	10
9	Jackson Energy	Jacksonenergy	24397	19-Oct-10	2010-10-22	30	1244	2010-09-20	2010-10-19	192.3	128.6	Oct	10
10	Jackson Energy	Jacksonenergy	24397	19-Nov-10	2010-11-22	31	1670	2010-10-20	2010-11-19	470.5	20.2	Nov	10
11	Jackson Energy	Jacksonenergy	24397	19-Dec-10	2010-12-22	30	3337	2010-11-20	2010-12-19	959.4	2.1	Dec	10
12	Jackson Energy	Jacksonenergy	24397	19-Jan-11	2011-01-22	31	3926	2010-12-20	2011-01-19	1095.3	0	Jan	11
13	Jackson Energy	Jacksonenergy	24397	19-Feb-11	2011-02-22	31	3268	2011-01-20	2011-02-19	994.2	0.1	Feb	11
14													
15	399 Weather Normalized Monthly kwh Average Saved												
16	16% Weather Normalized Percentage of Savings												
17	\$	47.87 Weather Normalized savings based on \$0.12											

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10. Refer to page 5 of the Application, paragraph 13. Provide an itemized breakdown of all funding sources, including name and dollar amount, that are expected to provide funds for the program administration, sources of the funding, and any adjustments to the revenue structure of the program.

Response:

Bill Blair

To date, MACED has raised more than 1 million dollars to cover the operating expenses associated with conducting the KER pilot program. This money does not include the lending capital MACED has raised. This funding comes from a mix of grants from private foundations and state agencies, including: blue moon fund; Chorus Foundation; Civil Society Institute; David Rockefeller Fund; F. B. Heron Foundation; Ford Foundation; Kentucky Housing Corporation; Mary Reynolds Babcock Foundation; Merck Family Fund; Mertz Gilmore Foundation; New World Foundation; Rockefeller Brothers Fund; Surdna Foundation; and William Randolph Hearst Foundation. It should be noted that, aside from three of the funders listed, KER pilot funding has been drawn from grants that support other aspects of MACED's work beyond the KER pilot. Currently, MACED has recently been approved for \$300,000 in funding from a TVA Environmental Mitigation Grant to be applied to KER. Going forward, MACED will continue to seek outside funding sources and will also institute a schedule of fees for the services provided under the KER program to assist with the long-term sustainability of the program. TVA Environmental Mitigation Grant funds will be used to subsidize a portion of these fees.

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11. Refer to Application, pages 5 and 6, paragraph 14.
- a. On pages 5 and 6 of the Application, paragraph 14, there is a discussion about the September 2012 United States Department of Agriculture’s Rural Utilities Service (“RUS”) Notice of Proposed Rulemaking regarding the Energy Efficiency and Conservation Loan Program (“Program”), which proposes to allow qualified energy-efficiency programs, the standards to which the KER Rider programs appear to comply, to constitute an eligible use of program funds for active borrowers in good standing with RUS.
- (1) Explain what steps have been taken by Jackson Energy to ensure the KER Rider is an eligible use of any Program funds that may be available under the RUS Program Identified above.
- (2) If known, state when Program funds will be available for energy-efficiency programs.
- (3) Identify all procedures and costs necessary to implement the Program.
- b. Identify the source and the amount of all funding pledged to or received by MACED supporting the KER Rider program to date.

Response:

Larry Lakes

- a. (1) Jackson is presently reviewing the recently released final ruling on the United States Department of Agriculture’s “RUS” Energy Efficiency and Conservation Loan Program. Jackson has yet to ascertain the eligibility of the KER Rider for any Program Funds available under the RUS program identified above.
- (2) It is unknown when Program funds will be available for energy efficiency programs.
- (3) It is unknown what all the procedures and costs are necessary to implement the above noted Program.
- b. See response to question 10.

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12. Refer to the Application, page 7, paragraph 16.

- a. Explain the risk and additional measures to protect risks.
- b. Explain whether any of the other cooperatives that have implemented a KER permanent program have implemented a Risk Mitigation Fund. If so, what have been the results to date?
- c. Explain the percentage (portion) of the project fee that will go to the Risk Mitigation Fund. Explain how was that percentage (portion) was determined.

Response:

Larry Lakes

- a. The risk associated with the KER Rider would be the event that a customer defaults on loan payments, the location of the retrofit investment remains inactive, and the ownership of the property does not change.

Jackson would participate in a risk mitigation fund administered by MACED and other participating Cooperatives who offer the KER Rider to their customers.

- b. Other Cooperatives recently afforded permanent tariff status for the KER Rider in Case No. 2012-00484 and MACED has implemented a Risk Mitigation Fund which has been funded by MACED with an original amount of \$50,000 acquired through TVA settlement funds. There have been no losses submitted for mitigation at this time.
- c. Four percent of the project fee will be contributed to the Risk Mitigation Fund on new HowSmart™ loans going forward. This percent was consensually agreed upon by all participating Cooperatives and MACED. This percentage will be reviewed periodically based on loss experience. It is anticipated that this percentage will be adjusted downward in the future.

Case No. 2013-00398

First Date Request – January 7, 2014

13. Describe Jackson Energy's demand-side management ("DSM") and energy efficiency portfolio of programs, and explain how those programs work to encourage energy savings with the on-bill financing program.

Response:

Larry Lakes

Jackson presently offers the following DSM programs to our customers.

TOUCHSTONE ENERGY HOME -This is a new home program. This home is constructed to an efficiency standard that should use 30% less energy versus standard construction practices for our area. The member must schedule a pre-construction meeting with a Jackson Energy energy advisor. The advisor communicates to the member information needed to qualify their new home as a Touchstone Energy Home. The energy advisor will perform two inspections on the home - a pre-drywall inspection and a final inspection. A blower door test is also performed as part of the final inspection. Touchstone Energy Homes qualify for a \$750 rebate.

AIR SOURCE HEAT PUMP REPLACING ELECTRIC RESISTANCE HEAT - This program is for members who are considering changing from electric resistance heat to a heat pump. **Examples of resistance electric heat are: baseboard, electric furnace, ceiling cable, wall heaters, etc.** The existing heating system is required to be at least two years old. The ducting system, whenever possible, should also be sealed during the installation of the new heat pump. An energy advisor will inspect and the new heat pump before issuing a rebate. New mobile homes are eligible for this rebate when adding a heat pump to an electric furnace.

- Replacing resistance heat with heat pump.
- Rebate is \$500.00 for 13 SEER, \$750 for 14 SEER, \$1000 for 15 SEER or higher.
- Energy Advisor will inspect.
- Duct system should be sealed.
- Also applies to mobile homes.

HEAT PUMP TUNE-UP - A heat pump tune-up includes a check of your heat pump system and some minor repairs to the ductwork. Ductwork can be a major source of air leaks in the home, about 15% in the average home, which causes conditioned air to leak outdoors rather than stay inside the home. This leads to higher energy bills. This program is designed to encourage members to give attention to the HVAC systems in their homes. It is a known fact that as these systems age they will lose some efficiency. With this program a HVAC technician cleans the coils, checks the filter, measures the temperature across the coils to determine proper operation, and seals the air supply and return ducting, the most important element in the process. The home must be an all electric home.

- Member is charged a \$50.00 per heat pump unit fee for service.
- Fee can be added to the next bill statement.
- **JE pays an additional \$250 to contractor to perform the work.**
- JE contractor performs the tune up.
- Heat pump and ducting should be a minimum of two years old.

Witness: Jackson Energy – Larry Lakes

MACED – Bill Blair

BUTTON UP - This program encourages members to add insulation and other products and materials to their homes that will result in electric energy savings. Other products could include improved doors and windows, weather stripping, and general air sealing. The rebate is calculated so the member receives \$40.00 rebate for every 1000 Btu's saved from the improvements that are made. The home is required to be a least two years old and all electric.

- Four levels of rebates -

Level 1 maximum rebate \$520 - Insulation only.

Level 2 maximum rebate \$750 - Insulation and air sealing.

Level 3 maximum rebate \$1060 - Insulation, air sealing, at least 26,500 BTU reduction

Level 4 maximum rebate \$1370 - Insulation, air sealing, at least 34,250 BTU reduction

- Rebate is based on amount of energy savings.

SIMPLE SAVER - This program encourages installation of load control devices in customers residences used to disable central air conditioning units and water heaters for short durations of time during peak demand periods. Jackson Energy contractors install these load control switches.

Customers who participate in the Simple Saver Program receives \$20 annually for each controlled central air conditioning system and \$10 annually for each controlled water heater 40 gallon capacity or greater.

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First Date Request – January 7, 2014

14. Explain how Jackson Energy proposes to market the permanent KER Rider program and describe the educational outreach efforts to potential participants.

Response:

Larry Lakes

Jackson will market the permanent KER Rider program in conjunction with high electric bill inquiries from customers that result in energy audits.

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First Date Request – January 7, 2014

15. Explain whether there have been any complaints to date from participants in the KER Rider pilot program. If so, provide copies of all correspondence concerning complaints arising from the KER Rider pilot program between participants and Jackson Energy.

Response:

Larry Lakes

Jackson has received no complaints from participants in the KER Rider pilot program.

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First Date Request – January 7, 2014

16. Refer to Exhibit A of the Application, Tariff Sheet P.S.C. No. 5, 1st Revised Sheet No. 34. Under the section identified "OTHER," Item No. 6, the tariff language includes the following: "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 loss in accordance with the Company's approved Terms and Conditions."

a. Explain whether the inclusion of this language requires Jackson Energy's members to be responsible for any unrecovered balances under the situations described in Item No. 6 of the tariff.

b. If the answer to part a. is yes, explain why Jackson Energy believes it is appropriate for its other members to bear that financial responsibility. Identify the authority that allows the remainder of the cooperative's membership to be held responsible for unrecovered balances. —

Response:

Larry Lakes

a. Jackson does not believe that the KER Rider will result in any unrecoverable balances due to the measures implemented to prevent any unrecoverable balances. These measures include a lien against the property, acquiring payee status with the insurance provider on the retrofit residence, and ultimate recourse from a Risk Mitigation Fund managed by MACED and other participating Cooperatives granted a permanent filing under case 2012-00484.

b. Reference is made to the Commission's order on the original pilot tariff, issued on December 16, 2010, page 6. "the Joint Applicants commit that any and all bad debts associated with the KER Rider would not be included in base rates."

Jackson would exclude any unrecovered balances from future rate filings.

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First Date Request – January 7, 2014

17. Refer to Exhibit C of the Application, Testimony from Satisfied Customers (“Satisfied Customer”) and the Exhibit D of the Application, Prepared Testimony of Bill Blair from MACED (“Blair Testimony”). In the Blair Testimony, KER Rider program is also referred to as How\$martKY™ (“How\$martKY™”) program. Explain how the Satisfied Customer identified in Exhibit C became aware of the How\$martKY™ Program.

Response:

Larry Lakes

The Satisfied Customer identified in Exhibit C became aware of the How\$martKY™ Program as a result of a high bill inquiry that resulted in a no charge home energy audit conducted by one of Jackson’s Energy Advisors. The Energy Advisor identified several areas of energy efficiency measures that the customer could take to mitigate successive high bills and explained the How\$martKY™ program as platform for achieving such energy efficiency results .

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18. Refer to Exhibit D of the Application, Prepared Testimony of Larry S. Lakes (“Lakes Testimony”). In the response to question 5, it states, “I manage the personnel and processes involved in performing customer energy audits and evaluations for the potential of such customers’ participation in the How\$martKY™ program. I also manage personnel involved in administering the on bill financing charges and oversee that payments are received and processed in a timely manner.” Explain whether Jackson Energy personnel or outside contractors perform customer energy audits and evaluations.

Response:

Larry Lakes

All customer energy audits are performed by Jackson personnel at no cost to our customers.

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First Date Request – January 7, 2014

19. Refer to the Lakes Testimony. The response to question 7 states, "Jackson Energy has no defaults at this time. Two program participants have already paid in full."

a. By retrofit project, provide the cost of the two projects referenced and the amounts financed.

b. By retrofit for the two projects referenced, provide the time period that was financed and the actual time period in which the amount financed was paid in full.

Response:

Larry Lakes/Bill Blair

a. Service Location	Amount Financed
1024768	\$4515.00
24717	\$4966.88

b. Service Location	Finance Period (Months)	Paid Off (Months)
1024768	180	3
24717	180	1

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20. Provide a copy of any and all contracts, memoranda of understanding, and any other documentation that identifies the agreement that Jackson Energy has with MACED and any of its partners or affiliates.

Response:

Larry Lakes/Bill Blair

See pages 2 – 11.

Kentucky Energy Retrofit Program

Memorandum of Agreement

This Memorandum of Agreement (herein the "Agreement") is made this 20th day of December, 2013 (herein the "Agreement Date"), by and between **Jackson Energy Cooperative Corporation** located at 115 Jackson Energy Lane, McKee, KY 40447 (herein the "Utility"), and **Mountain Association for Community Economic Development, Inc. (MACED)**, located at 433 Chestnut Street, Berea, KY40403 (herein "MACED", the "Data Management Contractor", the "Contractor", the "Capital Provider", and/or the "Agent"); each of the above being a "Party", and collectively the "Parties", to this Agreement.

Whereas the Parties seek to provide the Utility's customers with access to the Kentucky Energy Retrofit (a/k/a How\$martKY™ and herein "KER") Rider for the purchase and installation of cost-effective, energy efficient products, the Parties agree to the responsibilities as assigned and described below.

MACED will serve as a partner with the Utility in conducting the How\$martKY™ program. In relation to the roles set forth in this Agreement, MACED will serve as the "Data Management Contractor" and the "Capital Provider". MACED will also serve as the "Agent" (as defined in the KER Rider) for the Utility to the extent that such duties are identified in Attachment 1. In the role of Data Management Contractor MACED will be a "Contractor" as defined in the KER Rider.

1. DATA MANAGEMENT CONTRACTOR RESPONSIBILITIES (MACED)

- 1.1 The Data Management Contractor will provide the services described in this section for each retrofit. These contractual services, as an essential component of the retrofit, will be included along with other Contractors' services that are included in the total project cost which is used to develop the Retrofit Project Charge as provided in the KER Rider. Fee for this contractual service is detailed in Attachment 1.
- 1.2 The Data Management Contractor will provide energy assessment protocols, and "best practice" recommendations to the Utility. In addition, the Data Management Contractor will assist the Utility with any data requests from the Kentucky Public Service Commission (herein "KY PSC") or other regulatory body, and will provide technical assistance and troubleshooting where needed. The Data Management Contractor will work with the Utility to create processes that encourage excellence and accuracy.

- 1.3 The Data Management Contractor will track and coordinate with the Utility to store and make data available to the Utility regarding utility usage, building characteristics, and financial information for each location.
- 1.4 The Data Management Contractor will analyze data to evaluate the accuracy of financial and energy estimated savings and the effectiveness of installed measures in improving energy efficiency for at least one year following the completion of the retrofit. The Data Management Contractor will identify locations which vary significantly from projected usage, and will track overall success in predicting energy usage. The Data Management Contractor will identify locations for follow-up by the Utility when usage varies greatly from the savings that were predicted.
- 1.5 The Data Management Contractor will track data and pursue analysis to identify consistent variation of technology, contractor, or energy assessor performance from predicted values. The Data Management Contractor will also work with the Utility to develop educational tools to encourage program customers to save more by properly operating their home or building. The Data Management Contractor will also identify new technologies as they become cost effective for the program based on cost reductions or increases in the cost of the Utility's service.

2. PROGRAM OPERATION RESPONSIBILITIES (UTILITY & MACED)

- 2.1 The Utility or its Agent will be responsible for approving contractors to install energy efficiency measures under this program. The Utility or its Agent will maintain a list of approved contractors who have signed the Participating Contractor Master Agreement and will be responsible for ensuring that approved contractors adhere to the provisions of that agreement. The Utility or its Agent will make this list available to the Utility's customers to elicit customer preference and, where possible will arrange for the preferred contractor to bid and perform program upgrades at that Customer's location. Referral will not constitute any additional assumption of liability by the Utility or its Agent for a contractor's performance.
- 2.2 The Utility or its Agent will perform an energy assessment utilizing HowSmartKY™ program guidelines. At time of assessment, the Utility or its Agent will provide customer with a list of recommended measures and projection of energy savings that could be realized from such measures.
- 2.3 The Utility or its Agent will act as the customer's representative for the installation of efficiency measures after an approved contractor and a customer sign a Purchase Agreement (and landlord, if customer does not own the premises where efficiency measures are to be installed). As the

customer's representative, the Utility or its Agent will verify that any changes in work scope on efficiency measures proposed for installation by an approved contractor are suitable for the customer's end uses and are estimated to result in sufficient savings in energy usage, demand or other savings to qualify as efficiency measures (i.e., ninety percent of all estimated savings over three quarters of the product's estimated useful life will cover all costs associated with the installation). In order to facilitate disclosure of tariff obligations to successor customers at this location, the Utility or its Agent will complete and record with the County Clerk the following documents:

- A. UCC Financing Statement form (Attachment 2); and
- B. a copy of the completed Purchase Agreement; and
- C. a copy of the Kentucky Energy Retrofit Rider

- 2.4 Upon notification by the contractor or customer that work is complete, the Utility or its Agent will verify with the customer and the contractor that the customer is satisfied with the installation and that the contractor has properly installed the correct efficiency measures and has instructed the customer on their proper use, operation and maintenance. The Utility or its Agent will inspect retrofit installations to verify that the correct measure(s) have been installed as per manufacturers recommendations and are operating as designed and to verify the accuracy of contractor reports. Nevertheless, contractors will be solely responsible for determining the materials needed, the means and methods of installation, and for complying with all local, state, and federal codes, manufacturers' specifications, and accepted installation practices.
- 2.5 The Utility will arrange for payment to the contractor once the work is completed and accepted by the Utility and initiate a charge to the customer for the estimated retrofit payment. If the Utility or its Agent determines the work is complete and acceptable without customer agreement, such determination must follow an on-site inspection of the installation.
- 2.6 Notwithstanding the Utility or its Agent's verification per 2.2, 2.3 and 2.4 above, any inspection per this section, or the authorization that the Utility initiate billing to the customer under the tariff per 2.5 above, the provisions of this section in no way limit either the installing contractor's or product manufacturer's liability per 2.4 above, the contractor's agreement with the Utility or its Agent, or state and federal law.

- 2.7 The Utility will be responsible for making monthly payments to the Capital Provider within thirty (30) days of the Utility's receipt of payments from the customer, or within sixty (60) days of receipt of disbursement from the Capital Provider, whichever is sooner.
- 2.8 In the event of any dispute between the Utility's customer and an approved contractor, where the Utility or its Agent is acting as the customer's representative, the Utility or its Agent will work on the customer's behalf to obtain a mutually satisfactory resolution. The Utility or its Agent will participate in any complaint resolution process described in its contracts with other parties, including binding arbitration.
- 2.9 The Utility or its Agent will evaluate any customer report of a failed efficiency measure(s), and at its option will cause the product to be repaired or replaced. If the failed product is under warranty, the Utility or its Agent will use any warranty funds to pay for repair or replacement costs, including seeking recovery under a contractor's bond, if necessary. If an efficiency measure is repaired or replaced and any of these costs are not covered by warranty and the failure is not assignable to the approved contractor, and the customer chooses not to or cannot pay for the repair or replacement, the Utility or its Agent may increase the number of payments as required to recover all repair or replacement costs including the Utility or its Agent's administrative costs, but in no case should the Utility or its Agent authorize repairs that require the payment term to extend beyond the estimated useful life of the measure(s). If failed efficiency measures are not repaired or replaced, unless they were damaged by the customer or building owner, if different from the customer, the Utility will terminate charges attributable to the failed measure under the tariff. Additionally, the Utility or its Agent may treat maintenance costs required to keep the system operating similar to repair costs as described above.
- 2.10 MACED will perform duties of the "Agent" in this section to the extent that such duties are included in Attachment 1 of this Agreement, and in accordance with the fee schedule in said Attachment.

3. CUSTOMER SERVICE & ADMINISTRATION RESPONSIBILITIES (UTILITY)

- 3.1 The Utility will bill the monthly portion of the Retrofit Project Charge (as defined in the KER Rider) to a HowSmartKY™ participating customer and collect payment for that amount as it does with all other tariffed charges following its customary and KY PSC-approved collection procedures including disconnection when necessary.

- 3.2 The Utility will make monthly payments to the Capital Provider in the amount of the total payments it is obligated to collect for that month (in accordance with the procedure in Item 4.3 below).
- 3.3 In the case of an inactive location, the Utility will continue to pay interest and the Capital Provider will waive the payment of principal for up to 24 months or until the location is active, whichever is sooner, requiring interest payments only on the outstanding principal balance in the interim. If at the end of 24 months, a location remains inactive and payments have not resumed, the Utility will pay, in whole, to the Capital Provider any and all outstanding principal and any interest due linked to the inactive location. If at a later date, the location becomes active, the Utility retains the right to recover for its own fund balance any bad debt previously written off through additional charges to that meter's location. The Utility may apply to recover payments it has made on inactive locations, both principle and interest, from a Risk Mitigation Fund to be established and administered by the participating utilities and the Capital Provider as described in Attachment 3.
- 3.4 The Utility staff will answer customers' questions about energy efficiency measures and payment obligations, including questions about the measures installed, estimated savings, payment amount, estimated term of payments, disclosure obligations and customers' rights and responsibilities as per the tariff and agreements.
- 3.5 The Utility will be responsible for notifying new customers at locations at which efficiency measures have been installed of the benefits associated with the efficiency measures, the customer's responsibility for the payment of the remaining charges, and other rights and obligations and will send these customers the Transfer Customer Retrofit Disclosure Form (Attachment 4), which enumerates these rights and responsibilities, within 15 business days of their application for service.
- 3.6 The Utility will inform customers as to how they can purchase efficiency measures in accordance with the tariff, for example, by scheduling an appointment with Energy Assessors or providing them with a sample KY Retrofit Purchase Agreement or list of approved contractors working with the program.
- 3.7 The Utility will not be liable for any decisions or actions taken by retrofit installation contractors, including but not limited to savings estimates, selection of measures, quality of workmanship, damage to customers' homes, or injury to customers, contractors' workers, or passersby. The Utility will not be liable for any failure by the previous occupant, building owner, or landlord to disclose a customer's payment obligation. The responsibility for disclosure rests with the building

owner. However, the Utility agrees to initiate charges to a new customer for any existing payment obligations only after it has duly notified the customer using the Transfer Customer Retrofit Disclosure Form per 3.5 above.

3.8 The Utility will provide the Data Management Contractor with all available data about electricity use and structural characteristics for participating locations before, during, and after customer participation in the program.

3.9 The Utility will provide the Capital Provider with documentation of repayment calculations, itemized installation estimates and expenditures, and record of repayment transaction, indexed by unique location Identifier.

4. CAPITAL PROVIDER RESPONSIBILITIES (MACED)

4.1 The Capital Provider will provide funds according to the Note and Loan Agreement with the Utility, and will transfer such funds as requested by the Utility within ten (10) business days of request. These funds will be used by the Utility to pay contractors for retrofits (including the Data Management Contractor); the Utility's administrative fee as provided in the KER Rider; and, subsequent non-warranty repairs to such retrofits.

4.2 The Capital Provider may limit the number of retrofits or capital available to the Utility to conform to the limitations of funds.

4.3 The Capital Provider will bill on a monthly basis for the previous month and provide a break down of the payments for each unique location. When the Utility informs the Capital Provider of an inactive location, the Capital Provider will adjust the monthly bill to reflect interest-only payments for that location. The Capital Provider will also provide pay off estimates for individual locations on request by the Utility. Attachment 5 further delineates the details of the agreement regarding inactive locations and is included in this Agreement by reference.

5. DISPUTES

5.1 In the event of any dispute arising during the Program between the Utility and MACED, each will work with the other to obtain a mutually satisfactory resolution.

5.2 In the event a satisfactory resolution cannot be reached, the dispute will be submitted to a three-member arbitration committee with one arbiter of the Utility's choice, a second arbiter of MACED's choice, and a third arbiter to be chosen by the first two arbiters. Cost of arbitration

will be shared by MACED and the Utility. Decision by a majority of the arbitration committee will be binding on both parties.

5.3 Prior to submission of any dispute to the arbitration committee, the parties agree to attend at least one (1) conciliation conference to be held at either party's request and at no additional charge to either party.

5.4 The provisions for arbitration of disputes in this section do not take precedence over the terms of the Note and Loan Agreement between MACED and the Utility.

6. INDEMNIFICATION

6.1 Both Parties will defend, indemnify and hold harmless each other, their respective officers, employees, contractors and servants from and 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 purchase of a efficiency product or actions related to a approved contractor 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.

6.2 In addition to the indemnification set forth in 6.1 above, both Parties will defend, indemnify and hold harmless each other, their respective officers, employees, and contract employees 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 related to the purchase or installation of a efficiency measure, 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.

7. TERMINATION

7.1 The Utility will send notice to MACED ninety five (95) days in advance when requesting termination of the program.

7.2 Termination per 7.1 will not, however, limit the rights and responsibilities for either the Data Management Contractor, the Utility or its Agent or the Capital Provider for efficiency measures that have already been completely or partially installed or administration and collection of repayments outstanding.

7.3 In the event of termination, the Utility remains responsible for repayment of all funds furnished by the Capital Provider, including interest, per the terms of this Agreement and the Note and Loan Agreement with the Capital Provider.

8. MISCELLANEOUS PROVISIONS

8.1 All Parties to this Agreement will provide the KY PSC with any requested records, work products, communications, or other relevant information to enable it to evaluate and ensure the integrity of the program for the Utility's customers.

8.2 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 all Parties to this Agreement.

8.3 This Agreement may not be assigned nor any of the rights and duties hereunder without the prior written consent of the other Parties. Notwithstanding this prohibition on assignment, successors to the Parties shall acquire all of that Party's rights and duties under this Agreement and shall have all right and power to enforce the terms of this Agreement as if they were the original Party

8.4 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 noted above.

8.5 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 State law.

8.6 This Agreement is contingent upon successful approval of the Utility by the KY PSC to carry out activities in accordance with the KER Rider.

9. DISCLOSURE OF INFORMATION

9.1 MACED shall not disclose or appropriate to its own use, or to the use of any third party, at any time during or subsequent to the term of this agreement, any secret or confidential information of the Utility.

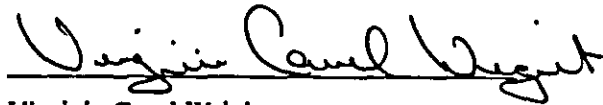
9.2 MACED shall not disclose or appropriate for its own use the personal and identifying data of the Utility customers of which MACED has been or hereafter becomes informed, including, but not limited to, processes, prices, profits, contract terms or operating procedures, except as required in

connection with MACED's performance of this Agreement, or as required by a governmental authority, or with approval by both the Utility and the customer.

10. ACCEPTANCE

Hereby accepted as of the Agreement Date.

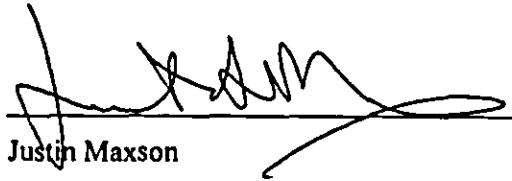
FOR THE UTILITY:



Virginia Carol Wright

President

FOR MACED:



Justin Maxson

President

Attachment 1
How\$martKY™ Services and Fees

MACED services as Data Management Contractor

- Track and analyze data for the retrofit.
- Upload "Before Retrofit" (BR) usage file into How\$martKY™ system.
- Review How\$martKY™ retrofit packet and requisition.
- Set up retrofit in data collection systems.

Data Management Contractor fee: \$250.00 per retrofit to be included in the retrofit project cost and included in calculating the monthly payment by the customer, along with all other contractor costs, per Section 1 of the Memorandum of Agreement.

MACED services as Agent of the Utility

MACED will perform the services initiated by both parties below per Section 2 of the Memorandum of Agreement.

MACED's fees for these services is \$ 500.00 per retrofit.

If available, third-party funds or grant-funded subsidies may be applied to some or all of this cost.

From the date of signing through December, 2015, MACED will furnish a grant-funded subsidy of \$ 500.00 per retrofit for up to 25 retrofits per year subject to availability of funds.

The Utility agrees to pay MACED for any portion of these services not covered by subsidies.

MACED	Utility	
	✓	Contact customer to schedule appointment
✓	✓	Perform energy assessment
✓		Create conservation plan & purchase agreement
✓	✓	Present customer with initial conservation plan and purchase agreement
✓	✓	Contact contractors and request bids using Conservation Plan specifications
✓	✓	Verify all paperwork is complete and signed including How\$martKY application form, initial conservation plan, purchase agreement, copy of deed, UCC
✓	✓	Contact contractors to arrange for job start up
✓	✓	Perform quality assurance during installation & test out at retrofit completion
✓		Create final conservation plan and purchase agreement
✓	✓	Present final conservation plan and purchase agreement to customer
✓		Create retrofit packet (contains all paperwork for the job)
	✓	Submit requisition
	✓	File UCC Financing Statements (up to 3 filings per retrofit)

Annual fee review: MACED's fee structure will be reviewed on a yearly contract basis with our utility partners. Fees or services to be performed are subject to change upon mutual agreement

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21. Explain how and by whom potential program participants are identified.

Response:

Larry Lakes

Potential program participants are identified by Jackson Energy Advisors in conjunction with energy audits at customer's residences.

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22. Explain how and by whom initial contact is made with the cooperative member to explain the retrofit project.

Response:

Larry Lakes

Initial contact may be made with Jackson members in conjunction with high bill complaint during discussions with Jackson Customer Service Representatives. Such initial contacts would provide only a general overview of the program. Specific details of the program would always be provided by Jackson Energy Advisors at the residence of the potential program participant.

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23. Jackson Energy has a tariff on file for the pilot on-bill financing program that contains a copy of a UCC Financing Statement. Identify the entity that is listed as the secured party on the UCC Financing Statements that have been filed when a member participates in the retrofit project?

Response:

Larry Lakes

Jackson Energy is listed as the secured party on the filed UCC Financing statement.

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24. As part of that initial contact to explain the retrofit project, Is the member informed that a UCC Financing Statement will be filed at the appropriate courthouse as a result of participating in the retrofit project?

a. If yes, is a copy of the UCC Financing Statement that is part of the tariff given to the member to keep for review?

b. If no, explain why a member is not informed that a UCC Financing Statement will be filed at the appropriate courthouse as a result of participating in the retrofit project.

Response:

Larry Lakes

a. The customer is informed during the initial contact explaining the retrofit project that a UCC Financing Statement will be filed at the appropriate courthouse as a result of participating in the retrofit project. A copy of the UCC Financing Statement will be provided to all customers participating in How\$martKY™ under this request for a permanent tariff.

b. N/A

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25. To date, has each member who has participated in the pilot retrofit program received a copy of the UCC Financing Statement that has been filed at the respective courthouse as a result of participating in the pilot project?

a. If yes, how soon after the filing of the UCC Financing Statement was copy of the financing statement sent to the member?

b. If no, explain why the member did not receive a copy of the UCC Financing Statement that was filed at the respective courthouse.

Response:

Larry Lakes

a. Members who have participated to date in the pilot retrofit program have not received a copy of the UCC Financing Statement that has been filed at the respective courthouse as a result of participating in the pilot project. The member has been advised that such filing of a UCC will occur in the initial discussion of the program. A written disclosure acknowledges this UCC filing in the purchase agreement which is executed by written customer consent immediately prior to commencement of retrofit work.

In consideration of this question, Jackson agrees that it is a prudent practice that each member should receive a copy of the UCC Financing Statement that has been filed with the appropriate courthouse and we are in process of providing a copy of such UCC to all members who have participated in the program during the pilot program period. Jackson will adopt the practice of forwarding a copy of a UCC Financing Statement to all future program participants within 10 days of the filing of such UCC at the respective courthouse.

b. See a. above.

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26. If a property on which a retrofit project has been completed is in inactive status and remains in inactive status for a period of time, is it possible that Jackson Energy could be required to pay MACED or any other entity for the balance of funds owed at the particular property for the retrofit project? If yes, explain at what point in time this occurs.

Response:

Larry Lakes/Bill Blair

If a project on which a retrofit project has been completed becomes inactive, Jackson is required to continue interest-only payments on the amount of that specific loan to MACED for a period of 24 months at which time the entire principal amount would be due and payable if the original project remains inactive. At such time, Jackson would solicit recovery from a Risk Mitigation Fund that has been established by MACED and other Cooperatives recently granted a permanent KER Rider tariff from the Commission under Case 2012-00484. Jackson would become a contributing party to this Risk Mitigation Fund if a permanent tariff is approved by the Commission.