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April 5, 2016

Mr. Leonard Whalen, Superintendent
Dawson Springs Independent Schools
118 East Arcadia Avenue
Dawson Springs, KY 42408

Subject: REQUEST FOR PROPOSAL - LGE/KU SPECIAL ENERGY PROJECT
FUNDING (SEPF)

Dear Superintendent Whalen:

I am pleased to announce that the Kentucky Public Service Commission (PSC) has issued a final order PSC Case No. 2015-00398 authorizing the Louisville Gas and Electric Company (LGE) and Kentucky Utilities (KU) to make available \$1,000,000 in Special Energy Project Funding (SEPF) in their service territory beginning July 1, 2016. The goal of SEPF is to help districts initiate energy projects otherwise not possible because of the insufficiency of incrementally available general funds to support non-classroom initiatives. The funding is available for energy and demand reduction projects in public school facilities in the KU/LGE service territory subject to receipt of timely submitted proposals to this RFP.

As a result of KSBA's intervention on behalf of participating districts in the requested rate increases of LGE and KU in PSC Case Nos. 2014-0371 and 2014-00372 LGE and KU agreed in the Settlement Agreement resolving those cases to:

1. A reduction in the proposed rate increases of \$500,000 for LGE and \$1,000,000 for KU served schools.
2. Request PSC approval for authority to provide during FY2017 and 18:
 - a. Energy Manager Funding of \$1,450,000 through KSBA
 - b. \$1M Special Energy Project Funding through KSBA

The PSC Order also extends the school energy managers project (SEMP) funding and makes the Special Energy Project Funding available beginning on July 1, 2016. Your district will be contacted separately with regard to the energy manager funding.

To receive a portion of SEPF your district MUST submit a proposal including a resolution by your district's school board approving the energy projects and receipt of the funding.

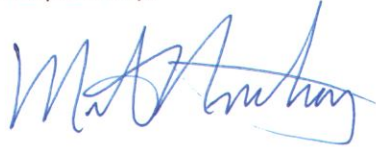
Attached are several pieces of information about this program and the range of funding your district could receive.

Please review or forward this information to the appropriate person in your district. A response to KSBA is required by August 15, 2016 in order to be eligible for this funding. Proposals will be evaluated and responded to as received to facilitate initiation of projects as early as July 1, 2016.

Two webinars are scheduled to aid in the completion of this RFP package. Dates and times are: May 3, 2016 at 9:00 – 11:00 EST and May 5 from 2:00 - 4:00 EST. Signups are available through the KSBA EVENTS website. Questions should be addressed to Jon Nipple (502.783.2711 or jon.nipple@ksba.org)

We hope that your district will participate in the funding by completing and returning your proposal to KSBA by the deadline of August 15, 2016.

Respectfully,



Mike Armstrong, Executive Director
Kentucky School Boards Association

Included in this package are:

SPECIAL ENERGY PROJECT FUNDING – Program Description

ADDITIONAL INFORMATION PAGE

ATTACHMENT A – SEPF Funding Options by district

ATTACHMENT B – Proposal and Project List (Working **Excel File AVAILABLE ON REQUEST**)

ATTACHMENT C -- Board Resolution for Funding

Q&A Sheet

Program Description

The KSBA – LGE-KU Special Energy Project Funding goal is to help schools districts initiate energy projects otherwise not possible because of the insufficiency of incrementally available general funds to support non-classroom activities.

The funding is available for energy and demand reduction projects in public school facilities in the LGE-KU service territory subject to timely submittal of a Proposal to the RFP to be noticed to all eligible LGE-KU districts subject to the following:

- Projects are limited to LGE-KU Accounts
- Projects must be identified by a project timeline with a completion date no later than September 30, 2018.
- Board Resolution approving projects under one or more of the following:
 - Base Option – no district matching
 - Match Option – with local matching
 - Match Residual Award Option – with local matching and additional matching of a district defined maximum amount
- KSBA will administer the program including receipt and evaluation of proposals, issuance of awards, project monitoring and maintenance of appropriate records.

Project Funding is available in two primary options.

1. Base Option

- Base Award Funding is available to all eligible districts and **does not** require a commitment of matching district funding. The Base amount consists of a minimum award for participation in the rate case and an incremental amount allocated on the relative number of KU/ LGE K-12 served schools in the district. This is to encourage all eligible districts regardless of size or technical capability to participate in SEPF. Roughly half of the total project funding dollars are set aside for Base funding.
- The BASE Option funding is shown on ATTACHMENT A. The **maximum** award for this option is shown in Column B. The minimum project size is shown in column C.
- KSBA will reimburse for projects identified on ATTACHMENT B – Proposal Template and Project List up to the amount identified on Column B of ATTACHMENT A for the Base Award.

2. Match Option

- Match Award Funding is twice the Base Award but **does** require the district to match the Award amount on a dollar for dollar basis. The incremental Match amount is allocated based on the relative number of LGE/KU K-12 served schools. Roughly half of the project dollars are set aside for the Match Award.
- The MATCH Option funding for participating districts is shown on ATTACHMENT A in Column D. Unlike the BASE option, column D now shows the **minimum** award that can be obtained. Columns E and F of ATTACHMENT A show the minimum required district match and minimum project size required for reimbursement. This is designated a minimum award as more funding will be available if all eligible districts do not participate.

The Match Residual Award Funding explains how any additional funds can be obtained by the districts who have chosen the MATCH Option.

3. Match Residual Award Funding

- NOTE: If 100% of districts participate AND choose the MATCH Option, there will be NO Match Residual Award Funding.
- Initially KSBA will process reimbursement for projects identified on the ATTACHMENT B – Proposal Template and Project List for the amount listed for the district on RFP ATTACHMENT A for Match Funding.
- Any residual funds left over from districts not participating in the Base or Match Options will be made available to districts who have: 1) chosen the Match Option, 2) identified additional projects on their submitted Proposal List, and 3) affirmed by resolution their commitment to match the additional funding on a dollar for dollar basis.
- This residual funding will be known at the completion deadline for receipt of the RFP packages by participating districts and will be made available on a pro rata basis by the number of KU / LGE schools to those districts who have identified projects beyond the minimum award match required to receive the Match Award.


Memorandum of Agreement

KSBA will execute a MOA for each district participating in SEPF. The MOA will include the funding to be provided through KSBA, the amount of matching funding required by the district for the projects as identified on Proposal ATTACHMENT B and the mechanism for receiving reimbursement.

ADDITIONAL INFORMATION

1. UTILITY REBATES –
District should apply for and get all applicable rebates from Kentucky Utilities and Louisville Gas and Electric.
2. BG Forms –
KDE advises that all projects must meet the standard construction approvals from the Kentucky Department of Education. A key notation is that project funding comes from a source other than restricted funds. This should be indicated on the BG forms.
3. Special Financing for the district Matching Amount
Because the energy project funded by the utility grants create an incremental cost savings, this cash flow is available at the district's discretion to fund the district's match and/or other energy projects via the KSBA/KISTA Energy Improvement Financing Program.
4. Acceptable Projects

The intent of the program is to complete hardware installations.

-  ○ Acceptable projects will include but are not limited to interior and exterior lighting, thermostat upgrades and building automation controls.
- Labor to complete the hardware installations can be included, but engineering services will generally not be accepted.
- Window replacements and window films are not acceptable.
- A simple payback ratio of the (project costs/annual savings) must generate a less than 10 year payback. This must be calculated in Attachment B.
- KSBA retains the right to reject any project.

4/4/2016

**ATTACHMENT A
REQUEST FOR PROPOSAL**

FUNDING BY OPTION

This attachment details the amount of funding available to each district for Energy Project Funding. To Participate districts MUST choose either Base Option or Match Option. Districts must indicate their choice by board resolution recognizing that the Match Option requires the district to match the Match Award on a dollar for dollar basis.

Use the attached Table to find your district and identify the Base or Match Options

Column A	Base Option		Match Option		
	Column B	Column C	Column D	Column E	Column F
District	Maximum Award	Minimum Project Size Required for Reimbursement	Minimum Award	Minimum District Match	Minimum Project Size Required for Reimbursement
Anchorage	\$ 3,000	\$ 3,000	\$ 6,000	\$ 6,000	\$ 12,000
Anderson	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Augusta	\$ 3,000	\$ 3,000	\$ 6,000	\$ 6,000	\$ 12,000
Ballard	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Barren	\$ 4,000	\$ 4,000	\$ 8,000	\$ 8,000	\$ 16,000
Bath	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Bell	\$ 7,000	\$ 7,000	\$ 14,000	\$ 14,000	\$ 28,000
Bourbon	\$ 6,000	\$ 6,000	\$ 12,000	\$ 12,000	\$ 24,000
Boyle	\$ 6,000	\$ 6,000	\$ 12,000	\$ 12,000	\$ 24,000
Bracken	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Bullitt	\$ 9,000	\$ 9,000	\$ 18,000	\$ 18,000	\$ 36,000
Burgin	\$ 4,000	\$ 4,000	\$ 8,000	\$ 8,000	\$ 16,000
Campbellsville	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Carroll	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Casey	\$ 6,000	\$ 6,000	\$ 12,000	\$ 12,000	\$ 24,000
Caverna	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Christian	\$ 3,000	\$ 3,000	\$ 6,000	\$ 6,000	\$ 12,000
Clark	\$ 7,000	\$ 7,000	\$ 14,000	\$ 14,000	\$ 28,000
Clay	\$ 4,000	\$ 4,000	\$ 8,000	\$ 8,000	\$ 16,000
Crittenden	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Danville	\$ 6,000	\$ 6,000	\$ 12,000	\$ 12,000	\$ 24,000
Dawson Springs	\$ 3,000	\$ 3,000	\$ 6,000	\$ 6,000	\$ 12,000
East Bernstadt	\$ 3,000	\$ 3,000	\$ 6,000	\$ 6,000	\$ 12,000
Elizabethtown	\$ 6,000	\$ 6,000	\$ 12,000	\$ 12,000	\$ 24,000
Eminence	\$ 4,000	\$ 4,000	\$ 8,000	\$ 8,000	\$ 16,000
Estill	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Fayette	\$ 36,000	\$ 36,000	\$ 72,000	\$ 72,000	\$ 144,000
Fleming	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Garrard	\$ 4,000	\$ 4,000	\$ 8,000	\$ 8,000	\$ 16,000
Grayson	\$ 6,000	\$ 6,000	\$ 12,000	\$ 12,000	\$ 24,000
Green	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000
Hardin	\$ 13,000	\$ 13,000	\$ 26,000	\$ 26,000	\$ 52,000
Harlan County	\$ 8,000	\$ 8,000	\$ 16,000	\$ 16,000	\$ 32,000