

RESIDENTIAL STANDARD OFFER PROGRAM
SMALL PROJECT MASTER AGREEMENT

This Residential Standard Offer Program Small Project Master Agreement (the "Agreement") is made and entered into by and between **Southwestern Electric Power Company**, a Delaware corporation (hereinafter "SWEPCO"), and _____ (hereinafter "Project Sponsor") (SWEPCO and Project Sponsor each hereinafter referred to as a "Party" and together as the "Parties"). In consideration of the mutual covenants and agreements hereinafter set forth, the adequacy and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I - TERM AND TERMINATION

The term of this Agreement shall commence on the date of execution by SWEPCO (the "Effective Date") and, unless otherwise terminated as set forth herein, shall continue in force and effect for a period of fifteen (15) months from the effective date or until final payment by SWEPCO of the amounts due pursuant to Article V herein, whichever first occurs.

ARTICLE II – CONTRACT DOCUMENTS

"Contract Documents" shall mean: (i) Project Sponsor's approved Project Application, attached hereto and incorporated herein as Exhibit A; (ii) Project Sponsor's approved Supplemental Applicant Information, attached hereto and incorporated herein as Exhibit B; (iii) the SOP Manual, attached hereto and incorporated herein as Exhibit C; (iv) the Terms and Conditions, attached hereto and incorporated herein as Appendix 1; and (v) this Agreement together with any and all other exhibits, addenda, or amendments referenced herein or made a part hereof in accordance with this Agreement.

ARTICLE III--COMPLIANCE WITH SOP MANUAL

3.1. By executing this Agreement, Project Sponsor acknowledges that it reviewed a copy of the SOP Manual (Exhibit C) prior to signing the Agreement and that it acknowledges that the SOP Manual describes program procedures, incentive amounts, and limits on incentive payments. Project Sponsor also acknowledges that it meets or exceeds all of the qualifications required to participate in the SOP as described in the SOP Manual and that failure to meet the qualifications therein may be treated as a breach of this Agreement. Project Sponsor represents and affirms that its participation in the SOP will at all times be in compliance with the procedures and conditions set forth in the SOP Manual and that any failure to comply therewith may be treated as a breach of this Agreement.

3.2 Procedures or conditions set forth in the SOP Manual may only be waived or modified by written agreement of both Parties, unless expressly provided otherwise in the SOP Manual. Any such agreement shall be attached hereto and incorporated herein for all purposes.

3.3 All terms and conditions of this Agreement shall govern and be incorporated into any Incentive Request submitted by Project Sponsor, and all proposed Measures, energy savings and demand savings, requested incentive amounts, and other details relating to a Project as set forth in the Project Application shall be incorporated into this Agreement.

ARTICLE IV - PROJECT IMPLEMENTATION

4.1 The Project Sponsor shall install all Measures to complete the Project and record such Measures via the SWEPCO website. Project Sponsor shall submit an Invoice Report documenting installation information to SWEPCO via the website by the fifteenth or the last day of each month in which the Measures were installed. All Projects shall be completed by November 30, 2010.

4.2 Within thirty (30) days of receipt of an invoice, SWEPCO shall complete an inspection of a statistically significant sample of the Measure installations at the Project Sites. This inspection shall be used to determine whether the Measures were installed and are capable of performing their intended function of producing Energy Savings and Peak Demand Savings. If SWEPCO is unable to inspect Measure installations at a Project Site, those Measures may be counted as failures.

4.3 SWEPCO will evaluate the inspected, installed Measures on a measure-by-measure basis to calculate an adjustment factor for Energy Savings and incentives. This adjustment factor will consider the ratio of savings of the

Measures that pass the inspection to the total incentive per Measure tagged for inspection on the invoice. The adjustment factor will then be applied to the entire invoice amount for payment.

4.4 If SWEPCO reasonably determines that the Measures at the Project Site(s) have been installed, tested and inspected to the extent required by SWEPCO and found to be capable of providing Peak Demand Savings and Energy Savings in material compliance with the Contract Documents, the invoice will be approved as submitted.

4.5 As set forth in Chapter 3 of the SOP Manual, a Load Factor cap governs the total payment allowed, based on the ratio between demand and energy savings from a Project.

4.6 Failure of the Project Sponsor to timely complete or report a Project shall constitute an Event of Default, and may, in SWEPCO's discretion, result in disqualification of the Project. As described in Chapter 7 of the SOP Manual, SWEPCO may withhold or deny payment for Measures installed at Project sites to the extent that customer identification information is not provided or is incorrectly reported on the invoice.

4.7 SWEPCO'S PAYMENT OF INCENTIVE PAYMENT(S) TO PROJECT SPONSOR IS EXPRESSLY AND SPECIFICALLY CONDITIONED UPON SWEPCO RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM PROJECT SPONSOR WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS AGREEMENT. FAILURE BY PROJECT SPONSOR TO DELIVER ANY REQUIRED NOTICE, SUBMITTAL, OR MATERIAL WITHIN THE APPLICABLE PERIOD SPECIFIED IN THIS AGREEMENT SHALL BE DEEMED A MATERIAL BREACH OF THIS AGREEMENT.

ARTICLE V – PAYMENT

SWEPCO will make the Incentive Payment within forty-five (45) days of its receipt and approval of the invoice submitted by Project Sponsor according to Section 4.1 of this Agreement. The Incentive Payment will be one hundred percent (100%) of the amount due for the Deemed Savings set forth in an approved Invoice Report or as adjusted in accordance with Section 4.3, 4.4 and 4.5 of this Agreement.

ARTICLE VI - NOTICES

6.1 All notices from one Party to the other will be deemed to have been delivered if hand delivered or sent by United States mail to the following addresses:

SWEPCO:

SOUTHWESTERN ELECTRIC POWER CO.
4421 W. Loop 281
Longview, TX 75604-5926
Phone: 903-234-7334
Attn: Ron Tevebaugh

PROJECT SPONSOR:

6.2 Either Party may change its address by written notice to the other in accordance with this Article VI.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

SOUTHWESTERN ELECTRIC POWER CO.

PROJECT SPONSOR

By: _____
Name: Phillip A. Watkins
Title: EE & Consumer Programs Manager
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A
PROJECT APPLICATION

The Project Application, for purposes of this Exhibit A, Project Application, is the file available for download in PDF format on the aepressop.com site upon notification of application approval. The Project Sponsor should download and print this file for inclusion as Exhibit A of the SOP Agreement.

EXHIBIT B
SUPPLEMENTAL APPLICANT INFORMATION

EXHIBIT C
RESIDENTIAL STANDARD OFFER PROGRAM MANUAL

The Official Manual, for Purposes of Exhibit C, RES SOP Manual, is the file available for download in PDF format on the Downloads/Tools page of the AEPressop.com site. The Project Sponsor should download and print this file for inclusion as Exhibit C of the Small Project Master Agreement.