

Residential Standard Offer Program



Southwestern Electric Power Company

2012 Program Year

Version 1.0

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1 PROGRAM OBJECTIVE

In May 1999, the Texas Legislature passed a bill to deregulate most of the electric utilities serving Texas customers. This bill also made provisions for the utilities to offer incentives to acquire cost-effective energy efficiency measures from competitive energy service providers. The Public Utility Commission of Texas (PUCT) was given the responsibility of defining a set of procedures by which these incentives would be offered and guidelines for the energy efficiency programs to be implemented by the utilities.

Southwestern Electric Power Company (SWEPCO) offers several energy efficiency programs for its Texas customers, one of which is the Residential Standard Offer Program (RSOP). The purpose of this document is to explain the program requirements and serve as a reference for energy service providers (Project Sponsors) interested in participation.

As a participant in the RSOP, Project Sponsors will install energy efficient measures that deliver peak demand savings (kW) and/or annual energy savings (kWh). SWEPCO will pay a fixed price in the form of incentives for kW and kWh savings provided by the energy efficient measures installed.

PROGRAM CHANGES

Changes were made in the SWEPCO RSOP Program for 2012. The program process and requirements are different from the AEP Texas Companies. As a result, this separate manual has been created to provide information solely for the SWEPCO RSOP.

Key changes for the 2012 SWEPCO RSOP Program include:

- Small commercial installations are no longer eligible
- Small Projects do not require reservations
- Large Projects will require reservations
- Incentives are offered in 4 tiers
- All Multi-Family Measures Except HVAC are Tier 1 Incentives
- Only deemed savings values will be used for M&V purposes
- There are changes to duct efficiency and infiltration measures
- Post-infiltration measurement MUST be taken before duct efficiency work begins
- Newspaper or other mass media advertising must be pre-approved
- Certification Tag required at attic entrance for ceiling insulation measures
- Residential dwellings completed after January 1, 2010 do not qualify for the program
- Only buildings intended for residential occupancy qualify; pool houses, shops, and other buildings do not qualify
- Underserved counties have changed
- Work schedules must be posted and updated in the RSOP Database for Large Projects

Due to the many changes in the SWEPCO RSOP, project sponsors MUST review the current year manual in its entirety prior to submitting an application.

| |
|---|
| <p>Notice: SWEPCO reserves the right to incorporate any or all changes resulting from PUCT proceedings into SWEPCO's 2012 programs as they are approved. Project sponsors will be provided with adequate notice of any changes affecting their projects.</p> |
|---|

2 PROGRAM DESIGN

2.1 PROGRAM DESCRIPTION

The primary objective of this program is to achieve cost-effective reduction of peak summer demand. This performance-based retrofit program offers incentive payments for “deemed” or “measured” energy savings generated by installing energy efficient measures.

Approved Project Sponsors are responsible for marketing their services to SWEPCO homeowners, contracting with the homeowners, installing the measures, and reporting their work to SWEPCO. SWEPCO then inspects a randomly generated customer sample. Payment is made for the demand reductions and energy savings based on the percentage of installations that are approved by inspection as capable of delivering the reported savings.

SWEPCO has designed the RSOP manual to provide Project Sponsors who contract with SWEPCO with the specific requirements of the RSOP Program. By contracting with SWEPCO, Project Sponsors agree that they have read the program manual and will comply with the requirements of the program in order to receive incentive payments for the installation of qualifying measures.

PROGRAM PROCESS

The following steps are followed by a prospective Project Sponsor.

1. Applicants apply to become Project Sponsors in either the Large or the Small Project component.
2. Applicants new to the SWEPCO program are required to apply in the Small Projects.
3. The Large and Small Projects components have different amounts of budgeted funding.
4. Applications are accepted on-line at www.aepressop.com.
5. Applicants specify which measures they plan to install.
6. Contracts are signed with approved applicants or Project Sponsors.
7. Once under contract, Project Sponsors market their services to SWEPCO homeowners, contract with the homeowners, and install the measures.
8. Project Sponsors report their work on the www.aepressop.com website. As each home site is reported, the incentive is reduced from the budgeted funds for that particular component.
9. Project Sponsors submit a monthly (or bi-monthly) invoice for the monetary value of demand and energy savings supplied by the measures installed in that month.
10. The database automatically calculates the invoice amounts based on the PUCT-approved deemed savings values.
11. SWEPCO personnel inspect a randomly generated customer sample.
12. Incentive payment is made based on the percentage of installations that are approved by inspection.

2.2 PROJECT SPONSOR ELIGIBILITY

A Project Sponsor is any person, organization, group, or individual who contracts with SWEPCO to provide energy savings under the terms of this RSOP document. The following types of organizations are among those eligible to participate as Project Sponsors:

- Energy service companies
- Local contractors
- National or local companies that provide energy-related products (e.g., insulation or HVAC)

- Product retailers, if they install the particular energy-efficient products sold as part of this program
- Project Sponsors in the RSOP must meet minimum eligibility criteria and demonstrate their financial, technical, and managerial qualifications. Any subcontractor must be identified in the application. A subcontractor can be added at a later date with program administrator approval. Project Sponsors and their subcontractors are required to carry all statutorily required insurance, as described in the RSOP Agreement.

2.3 PARTICIPANT ELIGIBILITY

All participants must be customers of SWEPCO Texas as identified by use of the meter number, or ESI ID. SWEPCO Texas customer ESI ID numbers begin with 101 769 896 and are located on the electric bill. Dwellings in major disrepair that result in less than an expected 10 year life will be considered not eligible,

Participants may include:

Residential customers

- **Single Family** – Defined as residential dwellings consisting of two or less units (i.e., a duplex or less)
- **Mobile Home** – A manufactured home on a chassis with wheels so it can be moved to different locations; it is considered pier and beam floor construction, usually with the perimeter skirting from the floor to the ground

Multi-Family - A residential building containing three or more dwelling units

- **Individually metered multi-family buildings** - Considered separate residential accounts; each unit is counted as a residence; the common areas are considered commercial accounts and are not eligible in the RSOP
- **Master-metered multi-family buildings** - Considered commercial facilities and are not eligible in the RSOP
- **Individually metered town homes are considered multi-family.**

NOTE: All multi-family projects must be approved by SWEPCO prior to installation. Pre-approval is done via the RSOP website. Project Sponsors must request pre-approval AND provide a work schedule at least seven (7) days prior to measure installation.

Multi-family projects are only allowed in the Large Project Component. No work may begin at a multi-family project prior to SWEPCO approval of the site and work schedule.

2.4 ENERGY EFFICIENT MEASURE ELIGIBILITY

Eligible measures have been approved by the PUC and are assigned a deemed savings value that determines the amount of incentive payment. Tables 1 and 2 in this section provide lists of eligible and ineligible measures, based on the approved Deemed Savings. Appendix F provides the corresponding Deemed Savings and installation requirements.

If any of the baseline equipment at a project site has been removed, or if any of the proposed energy efficient measures have been installed prior to the execution of the RSOP Agreement, the entire project will be disallowed.

This is a retrofit program, where the residential dwelling must be over two years old (built before January 1, 2010) and the measures can be installed only once every ten years.

SWEPCO shall have final authority on whether any particular measure is eligible for incentives.

TABLE 1
ELIGIBLE MEASURES

Envelope Measures

- Insulation: ceiling, wall and floor
- ENERGY STAR®-quality windows
- Air infiltration
- Duct efficiency improvement

Cooling and Heating Measures/Projects

- High efficiency air conditioning replacements
- Standard-efficiency heat pump to high-efficiency heat pump conversion
- Ground source heat pump

Electric Water Heating Measures

- High efficiency electric water heaters replacing electric water heaters
- High efficiency gas water heaters replacing electric resistance water heaters
- Solar water heating
- Water heater jackets and pipe insulation

Appliances

- ENERGY STAR® clothes washers (with an electric water heater)
- ENERGY STAR® dishwashers (with an electric water heater)
- ENERGY STAR® refrigerators

TABLE 2
EXAMPLES OF INELIGIBLE MEASURES

- CFLs (compact fluorescent lights)
- Hard-wired fluorescent light fixtures
- Showerheads and aerators
- Measures installed at new construction projects (completed after January 1, 2010)
- Cogeneration and self-generation projects
- Load shifting/load management measures
- Load reductions caused by building vacancies
- Measures that rely solely on customer behavior or require no capital investment
- Measures that decrease building plug loads, such as “Green Plugs” or computer inactivity time-out controls
- Measures for which incentives were received under another SWEPCO program
- Repair and maintenance projects
- Energy-efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects
- Measure installed on pool houses, hobby shops, or other limited use buildings other than the primary residence
- Measures that have been installed at the same location in the last ten years

2.5 SMALL VS LARGE PROJECTS

The RSOP consists of two components: Small Projects and Large Projects.

2.5.1 Small Project Component

The Small Project Component enables Project Sponsors to invoice on a bi-monthly basis for an amount as small as \$250 or as large as \$5,000. The Project Sponsor is limited to \$30,000. Invoices can be submitted until the Project Sponsor limit is reached or all funds have been used. This process is targeted towards:

- HVAC Dealers
- Local Contractors
- Insulation Contractors
- Community Action Agencies

The Small Project Component is ideal for local businesses that may want to participate on a trial basis or who may wish to apply for incentives on a one-job-at-a-time basis. After completing Small Project work, a Project Sponsor may request to be moved to the Large Project Component. Please refer to Chapter 3 for funding limits.

2.5.2 Large Project Component

The Large Project Component allows the Project Sponsor to invoice a minimum of \$5,000 or as large as \$25,000 on a monthly basis. The Project Sponsor is limited to \$125,000. Invoices can be submitted until the \$125,000 limit is reached or funds are all used.

Once an application has been approved, the Project Sponsor will be required to submit a security deposit in the amount of \$1,500. To participate in the Large Projects, it is expected that the Project Sponsor will deliver invoices for a minimum of \$30,000 on or before July 31.

All approved applicants working in the Large Projects will be eligible to reserve up to \$5000 at a time for work on Single-Family properties and up to \$25,000 at a time for approved Mult-Family properties until all RSOP incentive funds are depleted. Only one type of reservation may be open at a time.

A Project Sponsor with an active contract in the Large Project Component may not have a contract in the Small Project Component at the same time.

TABLE 3
SMALL VS LARGE PROJECTS

| Small Projects | Large Projects |
|---|---|
| <ul style="list-style-type: none"> • <i>No security deposit required</i> • <i>Minimum invoice request: \$250</i> • <i>Maximum invoice request: \$5,000</i> • <i>Project Sponsor Limit: \$30,000</i> • <i>Eligible Customers:</i> <ul style="list-style-type: none"> • <i>Residential</i> | <ul style="list-style-type: none"> • <i>\$1500 security deposit required</i> • <i>Minimum invoice request: \$5,000</i> • <i>Maximum invoice request: \$25,000</i> • <i>Project Sponsor Limit: \$125,000</i> • <i>Reservation of funds is required</i> • <i>Eligible Customers:</i> <ul style="list-style-type: none"> • <i>Residential</i> • <i>Multi-family</i> |

3 PROGRAM INCENTIVES

SWEPCO shall pay Project Sponsors a fixed incentive per kW and kWh of savings as determined by the PUCT-approved demand and energy savings. Demand (kW) payment is based on peak demand savings. Energy (kWh) payment is based on the first-year energy savings. All payments are made directly to the Project Sponsor, not customers. Project sponsors are not required to provide any direct incentives to customers but are required to execute a Host Customer Agreement (HCA) with the customer that indicates the project sponsor is participating in a SWEPCO program and will receive an incentive.

3.1 INCENTIVE TIERS

In an effort to provide a more comprehensive program, SWEPCO will encourage projects which target counties or measures which have typically been underserved by varying its incentive levels. Table 4 gives the ranges of incentive payments. Table 5 identifies Counties defined as underserved.

**TABLE 4
PROGRAM INCENTIVES**

| | | kW | kWh |
|--------|---|-----------|------------|
| Tier 1 | <ul style="list-style-type: none"> ▪ Duct efficiency only ▪ Air infiltration only ▪ All water heater measures, except solar ▪ All <u>Multi-Family measures</u>, except HVAC | \$245 | \$0.08 |
| Tier 2 | <ul style="list-style-type: none"> ▪ Duct efficiency & air infiltration in a single residence ▪ Refrigerators ▪ Clothes washers ▪ Dishwashers | \$270 | \$0.09 |
| Tier 3 | <ul style="list-style-type: none"> ▪ Duct efficiency, air infiltration & ceiling insulation in a single residence ▪ All insulation measures | \$300 | \$0.10 |
| Tier 4 | <ul style="list-style-type: none"> ▪ All HVAC measures ▪ Duct efficiency combined with HVAC replacement in a single residence ▪ Windows ▪ Solar water heating ▪ Underserved counties | \$350 | \$0.11 |

NOTE: SWEPCO may modify its incentive payments during the program year if it is deemed necessary to meet its goals. At least 30 days notice will be provided to participating project sponsors before any such change is made.

All incentive payments will be subject to the Load Factor caps set forth in section 3.2.2 of the manual.

**TABLE 5
UNDERSERVED COUNTIES**

| | | |
|-----------|-----------|---------------|
| Hopkins | Marion | Morris |
| Red River | Shelby | Smith |
| Van Zandt | Childress | Collingsworth |
| Donley | Hall | Wheeler |

Incentive Example

A Project Sponsor installs 1 high-efficiency AC unit in Climate Zone 2. The unit is a 4 ton, with a SEER rating of 16.0.

Using the deemed savings table for central air conditioners (Appendix F) the kW and kWh savings equals .79 kW and the kWh savings equals 2,186 kWh Using the incentive rate for Tier 4, the incentive payment is calculated as follows:

$$(.79 \times \$350.00) + (2,186 \times \$0.11) = \$516.96$$

Note that in all cases, payment procedures specified in the RSOP Agreement supercede this and any other documents. All payments are subject to the limits set forth in this chapter.

3.2 LIMITS ON INCENTIVE PAYMENTS

3.2.1 Project Sponsor Limits

A maximum limit on incentives that will be paid to any one Project Sponsor in the Large Projects component is \$125,000. The maximum paid to any one Project Sponsor in the Small Projects component is \$30,000.

**TABLE 6
PROJECT SPONSOR LIMITS**

| | |
|----------------|-----------|
| Large Projects | \$125,000 |
| Small Projects | \$30,000 |

These limits may be waived if SWEPCO determines that such limits would prevent it from achieving its energy efficiency goal.

3.2.2 Load Factor Cap

The primary focus of this RSOP is to reduce summer demand so a definite ratio (load factor cap) has been established between the kW and the kWh payment. A load factor cap has been set at \$750. The payment for an invoice may not exceed \$750 times the total kW savings for that particular invoice.

$$\text{Invoice kW total} \times \$750 = \text{Maximum invoice payment}$$

The following are examples of application of the load factor cap.

Example 1:

A project in an Underserved County saved 30 kW and 75,000 kWh. Without adjustment, the incentive at the rate for Underserved Counties is calculated to be:

$$(30 \text{ kW} \times \$350.00) + (75,000 \text{ kWh} \times \$0.11) = \$18,750$$

Referring to the formula above, the maximum allowable incentive for this project would be:

$$30 \text{ kW} \times \$750 = \$22,500$$

Since the maximum allowable incentive is greater than the actual calculated incentive, this project would not be subject to the load factor cap. The payment would be \$18,750.

Example 2:

A project in an Underserved County saves 20 kW and 150,000 kWh. Without adjustment, the incentive is calculated to be:

$$(20 \text{ kW} \times \$350.00) + (150,000 \text{ kWh} \times \$0.11) = \$23,500$$

Referring to the formula above, the maximum allowable incentive for this project would be:

$$20 \text{ kW} \times \$750 = \$15,000$$

Because the maximum allowable incentive is less than the actual calculated incentive, this project would be subject to the load factor cap. The payment would be \$15,000.

3.3 PROGRAM FUNDING

TABLE 7

| | |
|---|-----------|
| Large Projects | \$750,000 |
| Small Projects – February 4, 2012 Release | \$135,000 |

No Project Sponsor has unconditional entitlement or preferential rights to any RSOP incentive funds. Failure to comply with all program requirements may result in a project sponsor's termination from the program.

4 PROGRAM APPLICATION and TIMELINE

SWEPCO's Program website, www.aepressop.com, will be the key informational resource for the RSOP. Project Sponsors should check this website regularly for program updates. Application forms, instructions, frequently-asked questions, and helper applications are also accessible on this website.

4.1 APPLICATION

All applications must be completed and submitted on-line. Interested contractors can fill out an application before the submittal date. Enter the information, save, and return at a later time to make adjustments or changes.

All information **MUST** be entered in the application. If necessary, use the designation NA for "not applicable". **All information must be correct for serious consideration of the application.**

SWEPCO will not reimburse any Project Sponsor for any costs incurred by participating in the RSOP, including costs of preparing the Project Application, reviewing or executing the RSOP Agreement, or preparing and submitting implementation or performance reports.

4.1.1 Application Timeline

SWEPCO will update its application web page for each component at the times shown in Table 8. On the application submittal day, SWEPCO will activate a "Submit" button at the time scheduled below. Project Sponsors can then submit their applications. Confirmation of the receipt of the application will be sent via return e-mail.

**TABLE 8
APPLICATION TIMELINE**

| | |
|---------------------------------|--|
| Large Projects: | |
| November 1, 2011 | Register and begin completing applications |
| December 1, 2011 10:00 am CST | Submit Large Project Applications |
| Small Projects: | |
| November 1, 2011 | Register and begin completing applications |
| December 1, 2011 , 10:00 am CST | Submit Small Project Applications |

SWEPCO will continue accepting applications until it appears that all funds for the program year will be dispensed.

4.1.2 Supplemental Documentation Requirements

All applicants wishing to install Duct Efficiency or Infiltration measures must submit a document stating the step-by-step process of your testing procedures including the method of duct test (total leakage or leakage to outside) performed by your company. It must include the type of testing equipment you will be using and the date of last recalibration. **This document should be received within 24 hours of application submittal. (Email to rwtevebaugh@aep.com)**

4.1.3 Application Review Procedures

SWEPCO will review the Project Applications on a first-come, first-served basis. SWEPCO may request clarification of, or additional information about, any item submitted as part of the Project Application. Project Sponsors will have seven (7) business days to respond to such requests. If the clarification or additional information provided is not sufficiently responsive, SWEPCO may, at its sole discretion, request additional information or discontinue its evaluation of the submittal. Previous program participation does not guarantee acceptance.

4.1.4 Application Confidentiality

SWEPCO's RSOP is subject to oversight by the PUCT, which may request a copy of any RSOP materials that SWEPCO receives. Sensitive information identified as such and submitted by the Project Sponsor will be treated confidentially to the fullest extent possible, and will not be provided directly to outside parties other than the PUCT. SWEPCO shall have no liability of any kind to any Project Sponsor or other party as a result of public disclosure of any submittals.

4.1.5 Application Evaluation

To ensure a comprehensive program targeting all eligible customers and measures while achieving its demand and energy goals, SWEPCO will award contracts based upon the Project Sponsor's qualifications, targeted counties and measures.

SWEPCO may reject a Project Application if:

- The Project Sponsor fails to respond to any request for additional information
- The Project Sponsor fails to meet program eligibility requirements
- The Project Application is received after the RSOP has been fully subscribed
- The Project Sponsor is found to have made material misrepresentations in the Project Application
- The Project Sponsor fails to comply with applicable federal, state and local laws and regulations
- Changes occur in laws or regulations directly affecting the RSOP Program
- The Project Application is found to be incomplete or insufficient
- Failure to provide testing steps within 24 hours of application.
- The Project Sponsor has performed poorly in previous SWEPCO, AEP Texas, or any other utility programs
- SWEPCO, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the RSOP Agreement
- The Project Sponsor fails to submit required insurance documentation

4.2 PROJECT SPONSOR APPROVAL

SWEPCO will notify each Project Sponsor of its application status within thirty (30) business days of the submittal of the application. Within seven (7) business days **after notification via email of Project Application approval**, the Project Sponsor must provide SWEPCO with the following, as directed in the approval email:

- Two (2) signed copies of the RSOP Agreement
- Evidence of Insurance as required in the RSOP agreement; Certificates of Insurance (COI) **must be mailed directly from the insurance agency** to the attention of the appropriate SWEPCO program administrator listed below. Failure to submit or maintain the required insurance will result in a lock-out of the Project Sponsor from the database and possible dismissal from program participation. All COIs shall show the certificate holder as:
 -
 - American Electric Power Company, Inc. and its Subsidiaries
 - American Electric Power Service Corporation, as agent
 - [to the attention of the appropriate program administrator shown below]
 -
 - [For Large Project Component only] Security Deposit of \$1,500 – Cashier’s Check, certified check, money order, or guaranteed check
 - Any other documentation noted in the approval email
 -

Mail all documents to the appropriate Program Administrator as listed below. SWEPCO is not responsible for documents not addressed to the attention of the appropriate Program Administrator.

Southwestern Electric Power Company

Attn: Ron Tevebaugh

4421 W. Loop 281

Longview, TX 75604-5926

Phone: (903) 234-7334

rwtevebaugh@aep.com

It is the sole responsibility of the Project Sponsor to ensure that SWEPCO receives the required supplemental materials by close of business on the applicable due date. **Faxed submittals are not acceptable.**

Once a Project Sponsor’s application has been approved and the Agreement executed, the Program Administrator will open the database to allow the Project Sponsor access to the Implementation section of the appropriate RES website.

Application in the SWEPCO RSOP does NOT automatically entitle an applicant to receive an agreement to participate as a Project Sponsor.

5 PROGRAM IMPLEMENTATION

Work will be performed from date of contract execution until November 30, 2012.

Upon receipt of the “approved” email notice from the database or receipt of the countersigned contract and approval of marketing materials, the Project Sponsor may begin marketing and installation activities. All installations must be submitted on an Invoice Report within 45 days of the installation.

5.1 MARKETING

Under PUCT rules, SWEPCO may only conduct informational activities to explain the program to energy efficiency service providers and vendors. As a result, SWEPCO must rely upon the marketing capabilities of Project Sponsors to sell projects to its customers.

Project Sponsors may not use the SWEPCO name or logo in any correspondence or promotional material; however, Project Sponsors are encouraged to use the one-page brochure provided by SWEPCO and available on the program website. ***Any other marketing materials must be approved by SWEPCO prior to their use and should be included in the application process. Any mass media advertising such as newspaper must be pre-approved along with the market area for the advertising. Examples of acceptable and non-acceptable phrases are in Appendix E.*** SWEPCO reserves the right to terminate the contract of any Project Sponsor using marketing materials containing any unapproved language or reference to SWEPCO.

An alphabetical listing of participating Project Sponsors is kept on the main program website, www.aepefficiency.com. A prospective customer may use this site for Project Sponsor verification.

SWEPCO strongly encourages Project Sponsors to register with the Better Business Bureau(s) in those areas in which work is planned. Solicitation permits or other requirements by local authorities are the responsibility of the Project Sponsor.

Entering into an agreement with SWEPCO as a Project Sponsor does not imply SWEPCO’s endorsement or approval of any company, product, or service.

5.2 HOST CUSTOMER AGREEMENT

The **Host Customer Agreement and Acknowledgement** (HCA) is the primary agreement executed between the Host Customer and the Project Sponsor prior to measure installation. The PUCT requires that HCAs contain certain consumer protection provisions and disclosures.

All Project Sponsors are required to use the SWEPCO-provided HCA form. The HCA must be signed by the Project Sponsor; the Host Customer; and if applicable, the subcontractor. Make sure that the Customer phone number is a working daytime number. HCA forms will be sent to Project Sponsors upon approval and contract execution. Additional forms will be provided to Project Sponsors when requested via e-mail. **The white copy will be left with the customer, yellow copy returned to SWEPCO, and the pink copy is for the project sponsor’s records.**

Installation and equipment standards are included in Appendix F.

Prescriptive Requirements

5.2.1 Infiltration Measures

To qualify for incentives, a minimum air leakage reduction of 10% of the pre-installation blower-door CFM reading is required. **This measure must be completed, including the post-installation CFM reading, prior to starting the duct efficiency measure, if applicable.** In addition to meeting the installation standard in Appendix F, unless contraindicated for health and safety reasons, the following interior leakage points shall be treated as part of this measure, if applicable:

- Attic access when in the conditioned space;
- All plumbing penetrations;
- Weather-stripping and a door sweep or threshold with door bottom on all exterior doors;
- Missing or broken window panes and other building envelope penetrations;
- Furnace closet door: For homes with gas space heating, louvered doors or open ceilings to gas space heater closets may not be sealed off to reduce air infiltration unless an outside air source is installed according to applicable building and safety codes. Any sealing of louvered doors and the installation of an outside air source must be inspected by appropriate local, county, or state governmental building inspectors.

Failure to complete the prescriptive requirements will result in a total measure failure, regardless of the CFM reading.

5.2.2 Duct Efficiency Measures

If both infiltration and duct efficiency measures are installed, infiltration measures must be done prior to performing duct efficiency measures. To qualify for incentives for duct efficiency measures, in addition to meeting the installation standard in Appendix F, the following prescriptive requirements also apply, if applicable:

- Seal return air chase and supply plenum
- Seal all supply and return registers
- Check the condition of duct work in unconditioned space and seal or repair as necessary

5.3 PRIOR TO INSTALLATION

- Subcontractors must be approved by SWEPCO prior to beginning installations.
- For Large Project Component only, multi-family sites:
 - Will require pre-approval of the site and measures via the program website.
 - Must submit a work schedule via the program website at least seven (7) days prior to beginning installations.
 - SWEPCO will not consider payment for installations submitted without the proper pre-approvals.
- Host Customer must sign the HCA before work is started.
- A CO test is required for all air infiltration installations with gas space-heating.

5.4 POST-INSTALLATION

Each customer must sign the HCA upon completion of the project to verify the measures were installed as stated. The HCA provides SWEPCO with permission to inspect the installation, which may be required before incentive payments are approved. The customer copy of the completed and signed HCA must be provided to the customer.

If a subcontractor was used, Project Sponsor must provide the customer with an **All Bills Paid Affidavit**. A copy of the document is available on the website and is located in Appendix D.

6 PROJECT REPORTING and INVOICING

Reporting and invoicing will be done via the website. The Project Sponsor will then mail hard copies to the program administrator.

6.1 REPORTING

It is strongly recommended that installations be recorded on the website database on a daily basis. When an installation is reported, the database will deduct the incentive from the total balance of funds for the program. For help with the reporting process, refer to the process located under the ‘Downloads’ sections of the website.

The following information is required for each Project completed:

- Customer type (Mobile Home, Residential or Multi-Family)
- Customer name and address
- SWEPCO ESI ID number or meter number
- Daytime telephone number
- County
- Type of heating
- List of installed measures

For apartment complexes, the office ESI ID will be allowed.

6.2 INVOICING

By the last day of the month, the Project Sponsor is required to submit a monthly **Invoice Report** of any installations reported during the month. Only measures entered during a calendar month will be included in the monthly report. Small Projects can submit an invoice twice a month – on the 15th and/or the last day.

To generate the **Invoice Report**, from the *Invoice Menu*:

- Select Invoices
- Select Eligible Customer List
- Click on “All” or select the customers that are to appear on this invoice
- Click on Submit Invoice
- Click on Confirm
- Click on Invoices
- Click on Invoice # and Print the Summary

Mail the Invoice Report, the **original field** notes including the IN and DT Pre and Post readings for each customer, and the SWEPCO copy of the signed HCA forms for each customer to the appropriate SWEPCO personnel. This close out must be completed by the last day of the month (Large and Small Projects). Small Projects can also close out on or before the 15th day of the month.

7 PROJECT PAYMENTS

7.1 INSTALLATION INSPECTIONS

All measures installed in the RSOP must conform to or exceed the standards listed in Appendix E – Deemed Savings Tables. SWEPCO will take a random sample of customer sites and make field inspections to determine if each measure has been installed properly and is capable of performing its intended function. If measures installed do not meet the inspection standards, they will not be eligible for incentives.

If SWEPCO is unable to contact the customer to make an inspection, the Project Sponsor may need to make the inspection arrangement. If SWEPCO is unable to inspect measures installed at the customer's location, those measures may be counted as failures.

7.2 INVOICE ADJUSTMENTS

After field inspections are completed, all installations will be evaluated on a measure-by-measure basis to calculate an adjustment factor for the incentive payment. This adjustment factor will be the ratio of the incentive total for all measures that pass inspection to the total incentive for all measures tagged for inspection. **The adjustment factor will then be applied to all sites on the Invoice Report.**

The algorithm for calculating the adjustment factor is described below:

$$\text{Adjustment Factor} = \frac{\text{Incentive total for measures that pass inspection}}{\text{Incentive total for all measures tagged for inspection}}$$

In instances where all measures pass inspection, the adjustment factor is 1.00. This assumes all figures on the Invoice Report are correct. If only 75% of the inspection sample passes inspection, the adjustment factor will be 0.75; only 75% of the invoice will be paid.

If the Project Sponsor disagrees with the payment adjustment, the Project Sponsor may request that all information be reviewed again after the Project Sponsor provides additional clarifying information. If the Project Sponsor and SWEPCO cannot agree on the adjustments after the review, the Project Sponsor and SWEPCO must use the dispute resolution mechanisms that are specified in the program agreement.

7.3 ACCURATE REPORTING

Accurate reporting is of key importance in calculating savings achieved. SWEPCO may prohibit a project sponsor from submitting certain measures if problems occur repeatedly in accurate reporting of required information such as square footage and air conditioner size. All installations will be entered and submitted on the Invoice Report within 45 days of the installation date. Failure to adhere to the reporting requirements may be used for termination of the contract.

7.4 EXCESSIVE FAILURES

SWEPCO reserves the right to limit the measures a project sponsor is allowed to install or to terminate contracts due to excessive failures.

7.5 PAYMENT OF INVOICE

Payment terms are net 45 days. Payment will be processed when the inspections are completed and the invoice has been adjusted.

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 MANUAL AND THE 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 THE AGREEMENT.

7.6 SECURITY DEPOSIT RETURN

The project security deposit for Large Projects will be returned to the Project Sponsor if invoices have been submitted by July 31 AND total payment equals or exceeds \$30,000. Half of the deposit will be returned if invoices have been submitted by September 30 and total payment equals or exceeds \$30,000.

If the conditions above are not met by September 30, the security deposit will be retained.

8 SUMMARY OF PROCEDURES

Application and Approval Process

- 1 Fully read the revised manual
- 2 Determine if you wish to participate in the Small or Large Projects component
- 3 Complete Application Forms at www.aepressop.com
- 4 Submit the following within 24 hours of application, if applicable:
Summary of the step-by-step process of your testing procedures, the type of testing equipment you will be using, and the date of last recalibration (Duct Efficiency or Infiltration measures only)
- 5 SWEPCO will notify applicants of the application's status within 30 business days
- 6 Mail all items requested in the contract approval email within 7 business days
- 7 Once all required items have been received and approved, SWEPCO will execute the RSOP agreement

Prior to Installation

- 1 Complete work schedule in database and keep it updated
- 2 Subcontractors must be approved by SWEPCO prior to beginning installations
- 3 All marketing materials must be approved by SWEPCO including multi-media such as newspaper advertising
- 4 Customer must sign the HCA before work begins
- 5 Prior to installations at multi-family sites:
 - Submit projects, via the website, for pre-approval of the site and the measures
 - Submit a work schedule, via the website, at least seven (7) days prior to beginning installations

After Installation

- 1 Customer must sign the HCA indicating measures were installed
- 2 Project Sponsor must provide customer with the signed Customer Copy of the HCA
- 3 If using subcontractors, provide the customer with All Bills Paid Affidavit

Reporting

- 1 Report installations on-line within the appropriate time frame
 - Large Projects: Review & close out the Invoice Report by the last day of the month
 - Small Projects: Review & close out the Invoice Report by the 15th and/or the last day of the month
- 2 Mail the following to the Program Administrator:
 - Invoice Report for the month
 - Original field notes for each customer with air infiltration or duct efficiency work including pre and post CFM numbers
 - SWEPCO copy of the HCA form for each customer included in the Invoice Report

Payment

- 1 A random sample of sites will be inspected
- 2 Payment will be issued based on the percentage of measures that pass inspection

AEP SWEPCO has designed the RSOP manual to provide the specific requirements for participating in the RSOP. By contracting with SWEPCO, Project Sponsors agree that they have read the program manual and will comply with the requirements of the program in order to receive incentive payments for the installation of qualifying measures.

APPENDIX A - GLOSSARY

- A -

Affiliate: As adopted by the PUCT, an Affiliate is:

- (A) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of an energy efficiency service provider;
- (B) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (C) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by an energy efficiency service provider;
- (D) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by:
 - (i) a person who directly or indirectly owns or controls at least 5.0% of the voting securities of an energy efficiency service provider; or
 - (ii) a person in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider; or
- (E) a person who is an officer or director of an energy efficiency service provider or of a corporation in a chain of successive ownership of at least 5.0% of the voting securities of an energy efficiency service provider;
- (F) a person who actually exercises substantial influence or control over the policies and actions of an energy efficiency service provider;
- (G) a person over which the energy efficiency service provider exercises the control described in subparagraph (F) of this paragraph;
- (H) a person who exercises common control over an energy efficiency service provider, where "exercising common control over an energy efficiency service provider" means having the power, either directly or indirectly, to direct or cause the direction of the management or policies of an energy efficiency service provider, without regard to whether that power is established through ownership or voting of securities or any other direct or indirect means; or
- (I) a person who, together with one or more persons with whom the person is related by ownership, marriage or blood relationship, or by action in concert, actually exercises substantial influence over the policies and actions of an energy efficiency service provider even though neither person may qualify as an affiliate individually.

- B -

Baseline: For purposes of determining estimated and measured energy savings for equipment replacement projects implemented under the SOP, the baseline is generally defined as the energy consumed by equipment with efficiency levels that meet the applicable current federal standards and reflects current market conditions. In certain limited circumstances, the baseline may be determined by the equipment or conditions currently in place. This is likely to occur only when federal energy efficiency standards do not apply, or when the existing equipment can be shown by the Project Sponsor to have a remaining service life of at least ten years. For determining estimated and measured savings for building shell improvements, the baseline is generally determined by the building's current condition, e.g., existing insulation r-values, air infiltration rates, etc.

Budget Reservation: The amount of incentive funds AEP sets aside during the project implementation phase for a given Project Sponsor who has submitted a successful application prior to AEP's complete commitment of funds through Budget Reservations to other Project Sponsors.

- D -

Deemed Savings: A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that a utility may use instead of energy and peak demand savings determined through measurement and verification activities.

Demand Savings: A quantifiable reduction in the rate at which energy is delivered to or by a system at a given instance, or average over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).

- E -

Energy-Efficiency Measures (EEM): Equipment, materials, and practices that when installed and used at a customer site result in a measurable and verifiable reduction in either purchased electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kW, or both.

Energy Efficiency Project: An energy efficiency measure or combination of measures installed under an SOP Agreement or a market transformation contract that results in both a reduction in customers' electric energy consumption and peak demand, and energy costs.

Energy Efficiency Service Provider: A person who installs energy efficiency measures or performs other energy efficiency services.

Energy Savings: A quantifiable reduction in a customer's consumption of energy, or the amount by which energy consumption is reduced as a result of the installation of qualifying Energy-Efficiency Measures. Energy savings are determined by comparing the efficiency of the installed Measures to that of an appropriate Baseline.

Existing Equipment: The equipment that is installed at the host customer's site prior to the customer's participation in the SOP.

- H -

Host Customer or Customer: A residential distribution customer of AEP that owns or leases facilities at a Project Site or Sites and that has entered into a Host Customer Agreement with Project Sponsor for the installation of Measures as a part of Project.

- I -

Implementation Payment: The first of two incentive payments made to a Project Sponsor. The implementation payment is for 40% of the total estimated incentive amount as specified in the SOP Agreement. A Project Sponsor may submit an invoice for this payment following AEP's approval of the Project Sponsor's Project Implementation Report (PIR).

Incentive Payment: Payments made to an Energy Efficiency Service Provider based on the level of approved demand and energy savings (expressed as kW and kWh). Incentive rates are based on Commission approved avoided costs and incentive caps.

Inspection: Onsite examination of a project to verify that a measure has been installed and is capable of performing its intended function.

- M -

Measurement and Verification Plan: The Project Sponsor's specific plan for verifying measured savings estimates. The measurement and verification (M&V) plan should be consistent with the International Performance Measurement and Verification Protocol.

Measured Energy Savings: The Energy Savings derived during Performance Period, from the Measures installed at the Project Site as determined in accordance with the Measurement and Verification Plan set forth in Exhibit C of the SOP Agreement.

- P -

Peak Demand: The electrical demand at the time of the highest annual demand on the utility's system, measured in 15 minute intervals.

Peak Demand Reduction: Peak demand reduction on the utility system during the utility system's peak period, calculated as the maximum average demand reduction over a period of one hour during the peak period.

Peak Period: For the purposes of this program, the peak period is defined as the hours from 1 PM to 7 PM CDT weekdays, from June 1 through September 30 (federal holidays and weekends excluded).

Performance Period: The one-year period, for weather-dependent measures or shorter for non weather-dependent Measures, following the approval of a Project Sponsor's Project Implementation Reports. It is during this period that measurement and verification is to take place.

Performance Payment: The second of two incentive payments made to a Project Sponsor under the terms of an SOP Agreement. The performance payment is based on the one-year measured energy savings documented in AEP's M&V Report and may be up to 60% of the total estimated incentive included in the SOP Agreement.

Program Manual: The complete set of AEP RSOP materials, including the program description, procedures and forms.

Project Application: The Project Application, comprising of a set of standard forms, is submitted by an organization wanting to participate in the SOP as a Project Sponsor.

Project Site: The location of a Host Customer's facilities where approved Measures will be installed and from which Peak Demand Savings or Energy Savings, or both, will be obtained. A single Project may include Measures installed at multiple Project Sites.

Project Sponsor: Any organization, group, or individual who contracts with AEP to provide Energy Savings or Peak Demand Savings, or both, under the SOP.

Prudent Electrical Practices: Those practices, methods, standards, and equipment commonly used in prudent electrical engineering and operations to operate electrical equipment lawfully and with safety, dependability, and efficiency and in accordance with the National Electrical Safety Code, the National Electrical Code, and any other applicable federal, state and local codes. In the event of a conflict, the applicable federal, state, or local code shall govern.

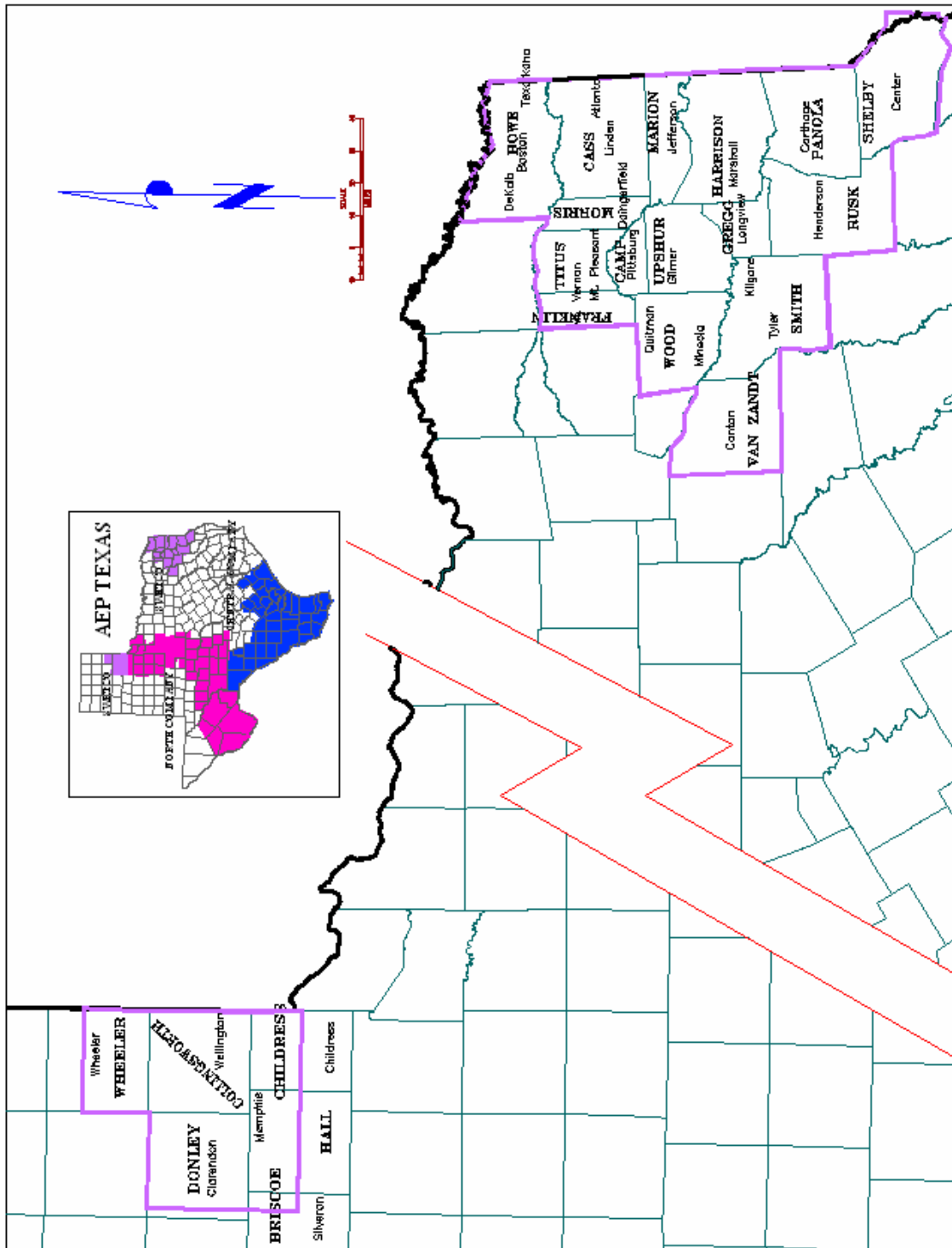
- R -

Renewable Demand Side Management (DSM) Technologies: Equipment that uses a renewable energy resource that, when installed at a customer site, reduces the customer's net purchases of energy (kWh), electrical demand (kW), or both.

- S -

SOP Agreement: A contract entered into by the Project Sponsor and AEP following the approval of the Project Sponsor's project application and AEP's design of a project-specific M&V plan. The SOP Agreement specifies the energy-efficiency measures to be installed, the expected energy savings, the expected total incentive payment, and the agreed-upon M&V approach.

APPENDIX B - SERVICE AREA MAP



APPENDIX C – COUNTIES AND CITIES SERVED**Northeast Texas, Weather Zone 2**

| | | | |
|-----------|---|-----------|---|
| Bowie | DeKalb Hooks Leary Maud Nash New Boston Red Lick Texrakana Wake Village | Shelby | Center Joaquin Tenaha |
| Camp | Pittsburg | Smith | Winona |
| Cass | Atlanta Bloomburg Hughes Springs Linden McLeod Queen City | Titus | Cookville Millers Cove Mount Pleasant Winfield |
| Franklin | Mount Vernon | Upshur | Bettie Big Sandy Gilmer Pritchett Union Grove |
| Gregg | Clarksville City East Mountain Gladewater Kilgore Lakeport Longview Rolling Meadows Warren City White Oak | Van Zandt | Fruitvale Grand Saline |
| Harrison | Hallsville Marshall Scottsville Waskom | Wood | Alba Golden Hawkins Mineola Winnsboro |
| Hopkins | Pickton Saltillo | | |
| Marion | Jefferson Trees City | | |
| Morris | Daingerfield Naples Omaha | | |
| Panola | Beckville Bethany Carthage Gray Tatum | | |
| Red River | Avery | | |
| Rusk | Henderson Mount Enterprise New London Overton | | |

Northwest Texas, Weather Zone 1

| | |
|---------------|--|
| Childress | Carey Loco Tell |
| Collingsworth | Dodson Lutie Shamrock Wellington |
| Donley | Clarendon Hedley Lelia Lake |
| Hall | Estelline Lakeview Memphis Newlin |
| Wheeler | Lela Twitty |

APPENDIX D – FORMS

All Bills Paid Affidavit

Host Customer Agreement & Acknowledgement

**AFFIDAVIT OF PAYMENT OF CONTRACTORS,
LABORERS, AND MATERIALMEN**

Date: _____

Affiant: _____

Host Customer: _____

Property: _____

Affiant on oath swears that the following statements are true:

1. Affiant is the seller and the installer of the high efficiency materials and equipment as described on the accompanying Host Customer Agreement.
2. Affiant has paid each of Affiant’s contractors, laborers, and materialmen in full for all labor and materials provided to Affiant for the purchase and installation of the high efficiency measures. Affiant is not indebted to any person, firm, or corporation by reason of any such construction.
3. Affiant hereby warrants that no mechanics or materialmen’s liens will be placed on Host Customer’s property relating to the installation of high efficiency measures.

Affiant Signature

Affiant Name and Position

Acknowledgement

STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, _____, by seller.

Notary Public, State of Texas

2012 HOST CUSTOMER AGREEMENT & ACKNOWLEDGEMENT

This Agreement is entered on this day _____ between the following two parties;
(Date)

_____, _____, _____, TX, _____, and

(Host Customer/Title) (Street Address) (City) (State) (Zip Code) (Best Daytime
Phone Number)

_____, _____, _____, _____, _____, and

(Project Sponsor) (Street Address) (City) (State) (Zip Code) (Phone
number)

Project Sponsor is participating in one of the following Standard Offer Programs ("SOP") developed by American Electric Power ("AEP"): Check One: Hard-to-Reach SOP Residential SOP

Project Sponsor and Customer agree as follows:

1. Project Sponsor agrees to sell and install and Customer agrees to purchase the energy efficiency measures described on the **Bill of Sale** that will produce energy savings and/or peak demand savings that are qualified for the SOP.
2. Project Sponsor warrants that it will install all energy efficiency equipment or materials in a good and workman-like manner consistent with the prevailing standards for efficiency measure installation as practiced by qualified contractors in the area and inform Customer of any adverse environmental or health effects associated with the measures installed.
3. Customer has received a list of equipment to be installed (quantity, model #s and efficiency ratings): **(Refer to Bill of Sale)**
4. Project Sponsor will maintain, or will ensure subcontractor maintains, liability insurance to cover property damage.
5. Customer has received a written and oral disclosure of the financial arrangement between Project Sponsor and Customer. This includes an explanation of the total Customer payments, the total expected interest charged, all possible penalties for non-payment, and whether Customer's installment sales agreement may be sold: **(Refer to Bill of Sale)**.
6. Customer has received a written disclosure of all warranties, work activities and terms and conditions: **(Refer to Bill of Sale)**
7. If a subcontractor is used, Project Sponsor shall provide Customer an "All Bills Paid" affidavit guaranteeing that no mechanic's or materialmen's liens will be placed on Customer's property relating to the installation of energy efficiency measures pursuant to this Agreement.
Subcontractor: _____ Address _____ Phone #: _____ If a subcontractor is used, subcontractor must sign where indicated below.
8. Project Sponsor will provide a complaint procedure for Customer to address performance issues by the Project Sponsor or subcontractor.
9. In the event of non-performance by Project Sponsor or the subcontractor, Customer may make a complaint to the Office of Customer Protection of the Public Utility Commission of Texas (PUCT) at 1-888-782-8477 (TTY 1-800-735-2988) or the Office of the Attorney General's Consumer Protection Hotline at 1-800-621-0508.
10. Customer shall have the right to cancel this Agreement at any time and for any reason prior to midnight of the third business day following the date of this Agreement. Customer may exercise this right of cancellation by providing Project Sponsor any written statement that is signed and dated by Customer and states Customer's intention to cancel this Agreement.
11. Customer acknowledges that Project Sponsor is receiving an incentive for the energy and peak demand savings derived from Customer's energy efficiency improvements and that such incentive is paid for through a ratepayer funded program, manufacturers or other entities. In addition, the Project Sponsor must measure and report to the utility the respective energy and demand savings.
12. Customer acknowledges that any review, inspection, or acceptance by AEP of Customer's premises or of the design, construction, installation, operation or maintenance of the energy efficiency equipment is solely for the information of AEP. In performing any such inspection or review or in accepting the installed equipment, AEP makes no representation or warranty whatsoever as to the economic or technical feasibility, capability, safety or reliability of the equipment, its installation by Project Sponsor or its compatibility with Customer's facilities.
13. Customer acknowledges that Project Sponsor is an independent contractor and is not part of, nor endorsed by the PUCT or by AEP, and that Project Sponsor is not authorized to make representations or incur obligations on behalf of AEP. Customer further acknowledges that AEP is not a party to Customer Agreement and that Project Sponsor and Customer are solely responsible for performance hereunder.
14. Customer acknowledges that AEP makes no warranty or representation regarding the qualifications of Project Sponsor, and that the Customer is solely responsible for the selection of Project Sponsor.
15. Customer acknowledges AEP will play no role in resolving any disputes that arise between Customer and Project Sponsor; however, Customer may register a complaint against Project Sponsor on the program website, aepefficiency.com.

- 16. Customer acknowledges they are a **residential** distribution customer of AEP.
AEP ESID number(s) for this project: _____ (for SWEPCO TX customers list meter #s or account #s)
- 17. Customer agrees, upon three (3) days' prior oral notice, to provide AEP and the independent measurement and verification expert selected by the PUCT with full and complete access to Customer's property for any purpose related to the SOP. The right of access will be subject to Customer's reasonable access requirements and, unless otherwise agreed, must occur within the normal business hours of Customer.
- 18. Customer agrees to provide AEP with access to Customer's utility bills, project documentation, contractor invoices, and technical and cost information directly related to the project.
- 19. No energy efficiency service provider, manufacturer, or other business involved in providing your energy efficiency improvements may ask or require you, the Customer, to give up your rights under consumer protection statutes, waive performance warranties, or make false claims of energy savings and reductions in energy costs.

The parties have signed this Agreement as of the date first written above.

Project Sponsor: ► _____ Subcontractor:
 ► _____ (Signature) (Date) (Signature)
 (Date)

► I have executed and been given a copy of the Host Customer Agreement.
 ► _____ (Signature) - **Customer or Authorized**
Representative (Date)

► The measures described on this form have been installed to my satisfaction.
 ► _____ (Signature) - **Customer or Authorized**
Representative (Date)

APPENDIX E - MARKETING MATERIAL: ACCEPTABLE AND UNACCEPTABLE

Information has sometimes been relayed to customers that are incorrect or misleading, giving the customer a misrepresentation of the responsibility of the Utility Company. Suggestions are offered here for correct verbiage that can be used. Statements in the second section are incorrect and must NOT be used.

Acceptable phrases:

"The local electric utility company has started an energy conservation program for their customers..."

"This program is offered at subsidized or no cost to the homeowner."

"The electric delivery companies are purchasing the energy savings we have provided you."

"The State of Texas has developed programs to assist qualified electric customers with installing energy saving improvements to help reduce consumption of energy..."

"Current State law requires local electric utilities to make funds available to independent contractors so that you have the opportunity to improve the energy efficiency of your home."

"The Utility Companies typically call about 10% of the customers we do work for to ensure we are following guidelines and proper upgrades have been done."

"...your only obligation may be to allow the utility to inspect our work."

"(Project Sponsor) provides free upgrades to your home to lower costs on your electric bill."

"(Project Sponsor) is not part of, or endorsed by the PUC-T or the local electric utility. We are an independent company that provides energy efficiency measures under the programs for electric utilities."

"These funds are provided by rate payers and are regulated by the Public Utility Commission."

"The State of Texas has developed programs to encourage energy service providers to offer energy conservation services to electric customers of investor-owned utilities."

These phrases, or anything similar, are NOT to be used:

"All costs are paid by your electric company."

"Would you like your utility company to pay for energy efficiency upgrades to your home at no cost to you?"

"It is free because we are paid by the utilities"

"We are getting paid but not from you, but by your utility company."

"(Project Sponsor) bills your electric utility for the work performed on your home."

Appendix F - Deemed Savings,