

HARD-TO-REACH

Standard Offer Program



Southwestern Electric Power Company

Texas Central Company

Texas North Company

2014 Program Year

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1. EXECUTIVE SUMMARY

AEP is offering the Hard-to-Reach Standard Offer Program (HTR SOP) through its Texas distribution companies which include AEP Texas Central Company (TCC), AEP Texas North Company (TNC) and Southwestern Electric Power Company (SWEPCO). The HTR SOP is open to a wide range of contractors, service companies, Retail Electric Providers (REPs), and community action agencies referred to as Project Sponsors.

In its Standard Offer Programs (SOPs), AEP contracts with Project Sponsors to deliver certain levels of peak demand savings (measured in kilowatts, or kW) and/or annual energy savings (measured in kilowatt-hours, or kWh) by installing qualifying energy efficient measures at existing homes. AEP will pay a fixed price in the form of incentives for kW and kWh savings provided by the energy efficient measures installed.

The Public Utility Commission of Texas (PUCT) has issued rules and requirements for the SOPs that are to be implemented by most electric utility companies serving Texas customers. Those rules and requirements are outlined in the Substantive Rule 25.181, also known as the Energy Efficiency Rule. Project Sponsors participating in this HTR SOP must comply with all program rules and procedures. The purpose of this Manual is to identify and explain these program requirements and to serve as a reference for potential Project Sponsors.

Key changes/guidelines to the program for 2014 include:

- Home Energy Rater (HERs) or Building Performance Institute (BPI) individual required to be on staff for any Project Sponsor performing Duct Efficiency and/or Air Infiltration measures. HERs or BPI individual required to be listed on Project Sponsor application
- Project Sponsors must carry all statutorily required insurance
- A new field to report “# of bedrooms” has been added as a required field on the customer input form
- Underserved counties have been re-defined and are noted in Chapter 3 and Appendix C
- Underserved measures include all measures except Air Infiltration, Ceiling Insulation, Duct Efficiency, and CFLs (CFLs are not an eligible measure in the SWEPCO HTR SOP)
- The 2014 HTR SOP shall utilize the deemed savings values contained in the State of Texas Technical Reference Manual (TRM), unless the PUCT indicates otherwise
- Residential dwellings or additions completed after January 1, 2012 do not qualify for the program
- All HTR SOP host customers must be supplied approved educational material
- All ceiling insulation installations must affirm that an insulation installation certificate was permanently affixed near the attic opening
- Changes to the Host Customer Agreement and Acknowledgement Form to include all Pre and Post CFM readings for Duct Efficiency and Air Infiltration measures and “R” Value of Existing Ceiling Insulation
- Homes cooled with window air conditioning units exclusively must be reported as “gas” heat. Electric space heaters are considered “plug-in” load and do not make the home eligible for electric heating type in this program (Air Infiltration and Ceiling Insulation measures)
- The Air Infiltration Deemed Savings were revised January 2012 to include an upper limit of 4 CFM₅₀ per square foot of house floor area pre-retrofit infiltration rate unless the TRM states otherwise this limit will be enforced

- Single-Family work schedules required for all Project Sponsors completing Duct Efficiency and/or Infiltration measures
- Incentive Report may no longer be submitted the first 15 days of each month
- All use of marketing, including social media, must be approved by AEP

Although AEP has summarized key program changes and guidelines here, it is the Project Sponsor’s responsibility to review the current year Manual in its entirety prior to submitting an application.

Notice: AEP reserves the right to incorporate any or all changes resulting from PUCT proceedings into AEP’s 2014 programs as they are approved. Project Sponsors will be provided with adequate notice of any changes affecting their projects.

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 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 homeowners served by AEP, contracting with the homeowners, installing the measures, and reporting their work to AEP. AEP 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.

Example:

For a Project Sponsor installing a new central air conditioner, the savings (and incentives) are based on the difference between a high-efficiency unit, e.g., 14 SEER (or higher) and a “Baseline” unit as defined in the TRM.

AEP has designed the HTR SOP Manual to provide Project Sponsors who contract with AEP with the specific requirements of the HTR SOP. By contracting with AEP, 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.

For a definition of “Baseline” and other terms used in this Manual, please consult the Glossary, included as Appendix A.

2.2. Project Sponsor Eligibility

A Project Sponsor is any company, person, organization, group, or individual who contracts with AEP to provide energy savings under the HTR SOP. The following types of Project Sponsors are among those eligible to participate:

- Energy service companies
- Local contractors

- REPs
- 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

Participants in the HTR SOP must meet minimum eligibility criteria and demonstrate their financial, technical, and managerial qualifications as part of the application process.

AEP also requires Project Sponsors and their subcontractors to carry all statutorily required insurance, as described in the SOP Agreement.

Home Energy Rater (HERs) or Building Performance Institute (BPI) individual required to be on staff for any Project Sponsor performing duct and/or air infiltration measures. HERs or BPI individual required to be listed on Project Sponsor application.

2.3. Customer Eligibility

HTR Customers are residential customers served by the AEP distribution company with an annual household income at or below 200% of the federal poverty guidelines and who have properly completed a PUCT-approved income verification form, or who have been designated as HTR through another PUCT-approved verification methodology.

Examples of target populations include:

- Section 8 and Public Housing Authorities.
- Households denied weatherization or utility assistance program benefits because income exceeds 125% of federal poverty guidelines.
- Households on long waiting lists for weatherization services.
- Other target groups identified by contractors.

Target populations identified above whose incomes are verified by an appropriate social service agency or organization would require no additional income verification effort.

Commercial facilities or portions of buildings served through commercial accounts, and new construction projects (residential dwellings or additions completed after January 1, 2012) are not eligible to participate in this program. These facilities may be eligible to participate in one of AEP's other SOPs. (Please see www.AEPefficiency.com). Dwellings in major disrepair that result in less than an expected 10 year life will be considered not eligible.

The 2013 U.S. Department of Health and Human Services Poverty Guidelines (federal poverty guidelines) are established separately for households of different sizes and are presented in the following table:

**Table 1
2013 HTR Income Eligibility Guidelines***

Household Size	2013 Eligibility Guideline		
	Annual Income	Monthly Income	Weekly Income
1	\$22,980	\$1,915	\$442
2	\$31,020	\$2,585	\$597
3	\$39,060	\$3,255	\$751
4	\$47,100	\$3,925	\$906
5	\$55,140	\$4,595	\$1,060
6	\$63,180	\$5,265	\$1,215
7	\$71,220	\$5,935	\$1,370
8	\$79,260	\$6,605	\$1,524
For each additional person, add	\$8,040	\$670	\$155

*Income guidelines are updated every January. Project Sponsors should use the updated guidelines when they become available. Please check our website for current guidelines.

All participants must be customers of the AEP distribution company; however, they do not need to be retail customers of AEP. The AEP distribution company for a given customer may be determined by the Electric Service Identifier (ESI ID) number on the customer's bill from its REP.

--AEP TCC customers may be identified by ESI ID's beginning with 100327894

--AEP TNC customers may be identified by ESI ID's beginning with 102040497

ESI ID's are required to enter customers in the TCC and TNC programs.

--SWEPCO Texas customers may be identified by ESI ID's beginning with 101769896. SWEPCO Texas is located outside the Texas competitive retail market but each customer account is assigned an ESI ID. SWEPCO will also be clearly identified on all customer electric bills.

Eligible properties may include:

– **Residential customers**

- **Single-Family properties** – Defined as residential dwellings consisting of two or less units (i.e., a duplex or less)
- **Mobile Home properties** – a manufactured home on a chassis with or adapted for 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 properties** - Defined as residential buildings containing three or more dwelling units.

- **Individually metered Multi-Family properties.** These are considered separate residential accounts; each unit is counted as a residence. The common areas are considered commercial accounts, and are not eligible in the HTR SOP
- **Individually metered townhomes are considered Multi-Family.**

NOTE: All Multi-Family projects must be approved by AEP prior to installation. Pre-approval is done via the HTR SOP website. Project Sponsors must provide a work schedule for Multi-Family projects seven (7) days prior to measure installation.

Master-metered Multi-Family buildings are considered commercial facilities and are not eligible in the HTR SOP.

2.4. Income Eligibility Verification Form

The PUCT has approved a form for the purpose of verifying the income eligibility of customers:

“Self Certification Form of Income Eligibility”

This form outlines the various methods by which participants may certify their eligibility. The procedure for verifying eligibility is based on “self-certification.” The Project Sponsor will present the form to the customer, and he/she will check appropriate boxes, provide other information where required, and sign the form. It is not the Project Sponsor’s responsibility to verify the information provided by the participants.

Copies of the income eligibility form for individual customers and property owners are included as Appendix E. With prior written permission from AEP, Project Sponsors may change the layout of either of these documents; however, no wording or the order of wording may be changed, and the font must remain clearly legible.

2.5. Energy Efficient Measure Eligibility

Any PUCT approved retrofit measure included in the statewide HTR SOP template, or any measure assigned a TRM deemed savings value by the PUCT and approved for the HTR SOP, is eligible under AEP’s HTR SOP. Tables 2 and 3 in this section provide examples of eligible and ineligible measures. The TRM provides a listing of approved measures and their corresponding deemed savings value. All measures installed should be installed in such a way to provide an expected life of at least 10 years, with the exception of energy efficient lighting, and deliver the energy savings intended. Installation methods and materials used should take this into consideration. When it can reasonably be assumed that the installation will not be in place for at least 10 years, the installation may not be reported in the HTR SOP. Only those approved measures installed in homes or additions completed prior to January 1, 2012 are eligible. AEP will consider the permanent electric meter installation date as the home’s completion date.

Project Sponsors may propose other energy efficiency measures, provided they meet the following requirements:

- Must produce a measurable and verifiable electric demand reduction during the peak period or produce electricity consumption savings
- Must produce savings through an increase in energy efficiency or a substitution of another energy source for electricity (provided the substitution results in overall lower energy costs, lower energy consumption, and the installation of high efficiency equipment)
- Must exceed applicable current federal minimum efficiency standards
- Renewable energy measures meeting the requirements of the PUCT Energy Efficiency Rule may qualify for an incentive

As a general rule, measures involving “plug loads” (equipment or appliances that are plugged into standard electrical outlets) are not permitted. This restriction may be waived by the utility if the Project Sponsor provides the utility with reasonable assurance that the energy and/or demand savings associated with such measures are likely to persist over a 10-year period of time and that quantifiable energy and/or demand reduction meeting the requirements of the PUCT Energy Efficiency Rule can indeed be achieved through the proposed measure(s).

If the Project Sponsor proposes measures for which TRM deemed savings values have not been approved by the PUCT, then the Project Sponsor must follow the International Performance Measurement and Verification Protocol (IPMVP) adopted by the PUCT. The M&V plan must be submitted to AEP within 24 hours of submitting the application.

If any of the Baseline equipment at a project site has been removed prior to the execution of the HTR SOP Agreement, or if any of the proposed energy-efficient measures has been installed prior to the execution of the HTR SOP Agreement, the project or the affected portions thereof shall be disallowed.

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

2.5.1. Testing

If air infiltration control, duct sealing and wall insulation will be considered, carbon monoxide (CO) and blower door tests must be conducted prior to the initial assessment to determine which of the required measures should be evaluated for energy savings potential. All CO tests must be conducted with the gas equipment on and operating. If, for example, the CO and blower door tests indicate that all measures should be considered for installation, then the Project Sponsor will evaluate the following measures in sequence as summarized below (i.e. Envelope Measures shall be considered before Interior Energy Usage Measures; Interior Energy Usage Measures shall be considered before HVAC Measures):

2.5.2. Envelope Measures:

(At least one of the three following measures must be installed in order for secondary measures to be eligible. Secondary measures must be installed in conjunction or at the same time as primary measures.)

- Insulation measures (insulate the ceiling, floor, or all exterior walls)
- Air infiltration control measures (minimum of 10% air leakage reduction, as calculated by the difference between pre and post-installation blower door tests. There is an upper limit of 4 CFM₅₀ per square foot of house floor area pre-retrofit infiltration rate.)
- HVAC duct integrity (repairs, replacements, and sealing with mastic or aerosol-based duct sealants)

2.5.3. Secondary Interior Energy Usage Measures

Lighting

- CFL measure not allowed in the SWEPCO HTR SOP
- Hard-wired fixture replacements
- Compact Fluorescents Lights (CFLs) in hard-wired fixtures (minimum 3 hour daily usage). A hard-wired fixture is a fixture that is permanently installed in the residence. Examples of fixtures that are not hard-wired are table lamps and floor lamps
- CFLs are allowed in fixtures but not “Hollywood” style fixtures with 4 or more lamps found primarily in bathrooms

Water Heating

- Showerheads and aerators (as pre-approved by AEP)

- Pipe insulation
 - Water heater jackets
- ENERGY STAR® rated home appliances

2.5.4. HVAC Measures

- Room Air Conditioners
- Split system HVAC (Complete coil and compressor replacement)
- Packaged unit HVAC (Installed to manufacturer’s specifications)

All measures eligible for SOP incentive funds must exceed applicable current federal minimum efficiency standards or meet the minimum measure qualification standards specified in the TRM.. All energy and peak demand reductions must be measurable and verifiable.

If, in AEP’s sole judgment, any of the Baseline equipment at a project site has been removed prior to the execution of the HTR SOP Small Project Master Agreement, or if any of the proposed energy efficient measures are installed prior to the execution of the HTR SOP Small Project Master Agreement and any applicable Host Customer Agreement(s), the project, or the affected portions thereof, will be disallowed.

Table 2

EXAMPLES OF ELIGIBLE MEASURES

Envelope Measures

- Insulation: ceiling, wall and floor
- ENERGY STAR®-quality windows
- Infiltration control
- Duct sealing

Cooling and Ventilation Measures/Projects

- High efficiency air conditioning replacements
- Variable speed drive applications for HVAC equipment
- Room air conditioners

Heating Measures/Projects

- Standard efficiency heat pump to high efficiency heat pump conversion

Electric Water Heating Measures

- ENERGY STAR® clothes washers
- ENERGY STAR® dishwashers
- High efficiency gas water heater replacing electric resistance water heaters
- Heat pump water heaters
- Waste heat recovery units

Other Measures/Projects

- CFLs installed in fixtures (except “Hollywood” style four or more lamps found primarily in bathrooms)
- ENERGY STAR® refrigerators

Renewable Energy Measures (All renewable measures subject to approval by PUCT)

- Space conditioning (heating or cooling)
- Water heating
- PV or other distributed generation

Table 3

EXAMPLES OF INELIGIBLE MEASURES

- Measures installed at new homes (residences or dwellings completed after January 1, 2012)
- Lighting installed in non-common areas (e.g; closets, pantries, garages)
- Measures with an expected life of less than 10 years (except CFLs)
- CFL fixtures that are “Hollywood” style with four or more lamps found primarily in bathrooms
- 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 AEP program
- Repair and maintenance projects
- Multi-family Ducts in which a majority are not in an unconditioned space
- Energy efficient gas measures when replacing non-electric technologies
- Measures that result in negative environmental or health effects
- Secondary measures submitted separately or not installed at the same time as primary measures.
- CFLs in SWEPCO Hard-to-Reach

Any question as to a measure’s eligibility for incentives shall be decided by AEP as the final authority.

2.6. Carbon Monoxide and Blower Door Testing

Prior to the installation of any air infiltration control, duct sealing, or wall insulation measure, a pre-installation blower door test is required, and a CO test shall also be conducted for each residence with combustion (e.g., natural gas or propane) equipment or appliances. Project Sponsors are required to measure and record pre- and post-installation CO readings and shall not install any air infiltration control, duct sealing, or wall insulation measure that would result in the ambient air CO level exceeding 9 parts per million (ppm) at project completion. Appendix D contains additional information on CO testing. All gas equipment must be on and operating when all test readings are taken. The Project Sponsor shall use the pre- and post-installation blower door air infiltration tests results to verify that the final air exchange rate of a household treated with air infiltration control, wall insulation, and/or duct sealing measures shall not be less than the standards set forth in the following Table 4:

Table 4
Minimum Final Ventilation Rate*
Per square foot of conditioned area

Shielding	Single Story	Two Story	Three or More Stories
Well Shielded	1.18	0.95	0.83
Normal	0.99	0.79	0.69
Exposed	0.89	0.71	0.62

Measured in cubic feet per minute at 50 Pascal per square foot of conditioned area.

Well Shielded is defined as urban areas with high buildings or sheltered areas, and building surrounded by trees, bermed earth, or higher terrain.

Normal is defined as buildings in a residential neighborhood or subdivision setting, with yard space between buildings. Eighty to ninety percent of houses fall into this category.

Exposed is defined as buildings in an open setting with few buildings or trees around and buildings on top of a hill or ocean front, exposed to winds.

Example: The minimum post-installation air exchange rate for an 1800 square foot, one-story home with normal shielding is 1782 CFM₅₀ (1800 x 0.99). In order to qualify for the air infiltration control Deemed Savings, there must be a minimum 10% reduction between the pre- and post-installation ventilation rate. Therefore, the pre-installation ventilation rate must be at least 1980 CFM₅₀ (1782 / 90%) in order to be considered for air infiltration control measures.

If the results of the pre-installation CO or air infiltration tests indicate that the installation of air infiltration control measures, duct sealing, or wall insulation may result in post-installation CO or CFM levels insufficient for program standards, the Project Sponsor shall exclude these measures from installation.

3. PROGRAM INCENTIVES

AEP shall pay Project Sponsors a fixed incentive per kW and kWh of savings. All payments will be based upon the verified demand and energy savings, rather than on the number of measures installed. The Demand (kW) payment is based on Peak Demand Savings, and the Energy (kWh) payment is based upon the first-year energy savings.

In an effort to provide a more comprehensive program, AEP will encourage projects which target counties or measures which have typically been underserved in the HTR SOP by varying its incentive levels. Table 5 identifies measures which are considered underserved for the 2014 HTR SOP and which will be paid at the rate for Underserved Measures. Counties defined as underserved for the 2014 HTR SOP are identified in Appendix C. For qualifying measures installed in underserved counties, the incentive rate shown in Table 5 for Underserved Counties will be paid until 1) the portion of the budget reserved for Underserved Counties or 2) the entire program budget has been exhausted. The Standard Incentive Rates shown in Table 5 will apply for all other installations. After the budget reserved for Underserved Counties has been exhausted, installations in those counties will be paid at either the Standard Rate or the Underserved Measures Rate, whichever is applicable.

Table 5

PROGRAM INCENTIVES

	kW	kWh
Incentives:		
Standard Single Family	\$360	\$0.11
Standard Multi-Family	\$325	\$0.10
Underserved Measures	\$400	\$0.13
Underserved Counties	\$440	\$0.15

NOTE: AEP 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 limits set forth in this Manual.

3.1. Incentive Example

A Project Sponsor installs 30 high-efficiency AC units. The units vary in size from 2.5 to 5 tons, and in SEER rating, from 14.0 to 18.0.

Using the TRM table for central air conditioners and adding up the deemed kW and kWh savings for each of the units based on the varying tonnages and SEER ratings installed, the total kW savings is 25, and the kWh savings is 55,000. Using the Standard Single Family Incentive Rate, the incentive payment is calculated as follows:

$$(25 \times \$360.00) + (55,000 \times \$0.11) = \$15,050$$

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

3.2. Limits on Incentive Payments

3.2.1. Load Factor Caps

For projects implemented under this SOP, a definite ratio (load factor cap) has been established between the kW and the kWh payment. To implement the load factor cap, the following table shows the maximum total payment allowed per kW savings. To determine the maximum combined demand and energy incentive payment (kW and kWh), multiply the kW savings by the dollar amount listed in Table 6.

Table 6
LOAD FACTOR CAPS

\$920.00

The following are examples of application of the load factor cap at TNC:

Example 1

A project saved 30 kW (peak demand) and 75,000 kWh (annual savings). Without adjustment, the incentive at the rate for Underserved Counties is calculated to be:

$$(30 \text{ kW} \times \$440.00) + (75,000 \text{ kWh} \times \$0.15) = \$24,450$$

Referring to the table above, the maximum allowable incentive for this project at TNC would be:

$$30 \text{ kW} \times \$920 = \$27,600$$

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 \$24,450.

Example 2:

A project saves 20 kW (peak demand) and 150,000 kWh (annual savings). Without adjustment, the incentive at the rate for Underserved Counties is calculated to be:

$$(20 \text{ kW} \times \$440.00) + (150,000 \text{ kWh} \times \$0.15) = \$31,300$$

Referring to the table above, the maximum allowable incentive for this project at TNC would be:

$$20 \text{ kW} \times \$920 = \$18,400$$

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 \$18,400.

3.2.2. Project Sponsor Limits

To ensure that funding will be available to multiple participants, AEP has set a maximum limit on incentives paid to any one Project Sponsor. Project Sponsors may not receive more than the Project Sponsor Limit for the program year, as noted in Table 7.

Table 7
PROJECT SPONSOR LIMITS

	SWEPSCO	TCC	TNC
HTR SOP Projects	\$100,000	\$75,000	\$50,000

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

3.3. Incentive Budget for Underserved Counties

AEP has also set aside a maximum budget for incentives paid at the Underserved Counties rate. Table 8 shows Large and Small Project maximum budgets for Underserved Counties. Incentives

for Underserved Counties are available on a first-come, first-served basis. The maximum budgets for Underserved Counties will be reduced as project sponsors add customers and installations in any of the counties designated as Underserved in Appendix C, until the maximum budget has been exhausted. Once exhausted, installations may still be reported for underserved counties but incentives will be paid at the applicable Standard or Underserved Measures rate. AEP reserves the right to transfer funds as needed to or from the standard and underserved incentive budgets.

Table 8

BUDGETS FOR UNDERSERVED COUNTIES

SWEPSCO	TCC	TNC
TBD	\$120,000	\$15,000

3.4. Program Release Dates and Funding

Table 9

PROGRAM RELEASE DATES AND FUNDING

Release	SWEPSCO	TCC	TNC
HTR SOP Projects – February 5, 2013	\$562,360	\$953,417	\$162,719

No Project Sponsor has unconditional entitlement or preferential rights to any HTR SOP incentive funds. Failure to comply with all program requirements may result in a Project Sponsor’s termination from the Program.

3.5. Project Sponsor Budget Caps

AEP will review the Project Applications from Project Sponsors on a first-come, first-served basis and on merit of the Project Sponsor. All approved applicants will be eligible to reserve up to \$5,000 at a time for work on Single-Family properties and up to \$25,000 at a time for approved Multi-Family properties, until all HTR SOP incentive funds have been reserved. **Only one type of reservation may be open at a time.** Pre-Approval of Multi-Family projects is required to hold a Multi-Family budget reservation through the use of the Multi-Family Template. The Project Sponsor limits are set forth in Table 7 above.

As mentioned previously, a Project Sponsor may reserve up to \$5,000 for Single-Family or \$25,000 for Multi-Family for a 30-day period. After the Project Sponsor has exhausted the reservation or when the 30-day period is up, the Project Sponsor may make another Budget Reservation request, depending on the amount reported.

4. PROGRAM PROCESS AND TIMELINE

4.1. Applications

AEP’s Program website, www.aephtrsop.com, will be the key informational resource for the HTR SOP. AEP will post important program updates throughout the year on the News & Updates page of the Program website. **Project Sponsors shall check this website regularly for all program updates.**

All applications must be completed and submitted on-line. Interested contractors may fill out an application before the submittal date. Applicants may 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 **N/A** for “not applicable”. All information must be correct for serious consideration of the application.

AEP will not reimburse any Project Sponsor for any costs incurred by participating in the HTR SOP, including costs of preparing the Project Application, obtaining required certifications, reviewing or executing the HTR SOP Agreement, or preparing and submitting implementation or performance reports.

A copy of the HTR SOP Agreement that will be executed by AEP and the Project Sponsor prior to project implementation is located on the website under *Downloads/Tools*.

4.1.1 Application Timeline

AEP will update its application web page for each component at the times shown in Table 10. On the application submittal day, at the time scheduled below, AEP will activate a “submit button.” Project Sponsors can submit their applications when this button becomes active. Project Applications will be accepted at the following time:

Table 10

APPLICATION AND PROGRAM TIMELINE

October 24, 2013 @ 10:00 am, CDT	Register and begin completing applications
December 3, 2013 @ 10:00 am, CST	Application Submission
February 4, 2014 @ 10:00 am, CST	Budget Reservations begin

AEP will accept applications until it determines that it has enough approved Project Sponsors to meet the program goals. In the event Budget Reservations are received after program funding has been committed, AEP will retain those for consideration to the extent that any additional funding becomes available during the program year. AEP will utilize its mail server’s time stamp to determine the order of receipt. Confirmation of the receipt of the application will be sent via return e-mail.

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 their testing procedures, including the type of testing equipment used. This document should be received within 24 hours of application submittal. In addition, a HERs or BPI individual must be listed on the Project Sponsor application.

Testing Procedures must be submitted by e-mail to the appropriate Program Administrator within 24 hours of submitting the internet application.

Applications may be rejected for failure to submit documentation at the required time.

4.2. Application Review Procedures

AEP will review the Project Applications on a first-come, first-served basis and on merit of Project Sponsor. To ensure a comprehensive program targeting all eligible customers and measures while achieving its demand and energy goals, AEP will award contracts based upon the

Project Sponsor's qualifications and targeted counties and measures until the HTR SOP has been fully subscribed. Previous program participation does not guarantee acceptance.

4.2.1. Application Confidentiality

AEP's HTR SOP is subject to oversight by the PUCT, which may request a copy of any HTR SOP materials that AEP 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. AEP shall have no liability of any kind to any Project Sponsor or other party as a result of public disclosure of any submittals.

4.2.2. Application Evaluation

AEP may reject a Project Application if:

- The Project Application is received after the Project Application period has expired
- The Project Application is received after the HTR SOP has been fully subscribed
- The Project Sponsor fails to meet program eligibility requirements
- The Project Sponsor fails to respond to any request for additional information
- The Project Sponsor fails to submit supplemental documentation when requested
- 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 HTR SOP
- The Project Application is found to be incomplete or insufficient
- The Project Sponsor has performed poorly in previous AEP programs
- AEP, in its sole judgment, determines that the Project Sponsor is incapable of fulfilling the terms and conditions of the HTR SOP Agreement
- The Project Sponsor fails to submit required insurance documentation.

AEP 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, AEP may, at its sole discretion, request additional information, or discontinue its evaluation of the submittal.

4.2.3. Project Sponsor Approval

AEP will notify each Project Sponsor of its application status within thirty (30) business days of the submittal of the application. AEP will establish a Budget Reservation for each applicant meeting Project Application requirements until all program funds have been reserved. AEP may establish a Budget Reservation less than the amount the Project Sponsor has requested. AEP reserves the right to discontinue review of applications when it determines that enough applications have been received to fully-subscribe the programs and to meet its program goals.

Within seven (7) business days of the Project Application's **pre-approved status notification via e-mail**, the Project Sponsor must provide AEP with the following, as directed in the pre-approval e-mail:

Two (2) signed copies of the HTR SOP Agreement

- Evidence of Insurance as required in the HTR SOP agreement. Certificates of Insurance (COI) must be mailed or e-mailed directly from the insurance agency to the attention of the appropriate AEP program administrator. AEP must be able to clearly distinguish that the COI has been sent from the issuing agency. Failure to submit a properly-completed COI or to maintain the required insurance will result in a lock out of the Project Sponsor from the database and possible dismissal from program participation. As a reminder, AEP requires

Project Sponsors and their subcontractors to carry all statutorily required insurance, as described in the SOP Agreement.

All COI's 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]

It is the responsibility of the applicant to relay this information to the insurance agent.

Any other documentation noted in the pre-approval e-mail

All mailed documents and COI's must be directed to the appropriate Program Administrator as listed below. *AEP is not responsible for documents not addressed to the attention of the appropriate Program Administrator:*

AEP Texas Central Company

Attn: Vee Strauss
2901 East Mockingbird Lane
Victoria, TX 77904
Phone: (361) 574-2252
sv Strauss@aep.com

AEP Texas North Company

Attn: Steve Mutiso
910 Energy Drive
Abilene, TX 79602
Phone: (325) 674-7287
smmutiso@aep.com

AEP Southwestern Electric Power

Attn: Jeff Thigpen
428 Travis Street
Shreveport, LA 71101
Phone: (318) 673-3372
jthigpen@aep.com

It is the sole responsibility of the Project Sponsor to ensure that AEP 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 AEP Program Administrator will allow the Project Sponsor to access the Implementation section of the appropriate HTR website.

4.3. Marketing

Under PUCT rules, AEP may only conduct informational activities to explain the program to energy efficiency service providers and vendors. As a result, AEP must rely upon the marketing capabilities of Project Sponsors for the success of the program to AEP's distribution customers. AEP will not directly market any energy efficiency related product or service to its customers.

Project Sponsors may not use the AEP name or logo in any correspondence or promotional material; however, Project Sponsors are encouraged to use the one-page brochure provided by AEP and available on the program website. Any other marketing materials must be approved by AEP prior to their use. Examples of acceptable and non-acceptable phrases are in Appendix F.

AEP reserves the right to terminate the contract of any Project Sponsor using marketing materials containing any unapproved reference to AEP.

Upon receipt of the countersigned contract and AEP approval of marketing materials, the Project Sponsor may begin marketing and installation activities.

AEP maintains an alphabetical listing of participating Project Sponsors on its main program website, www.aepefficiency.com. This site may be used for Project Sponsor verification by the prospective customer. AEP also includes on this site a place for program participants to register a complaint against a Project Sponsor. AEP also strongly encourages Project Sponsors to register with the Better Business Bureau(s) in those areas in which work is planned.

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

4.4. Implementation

Project Sponsors participating in the HTR SOP **must** be in "Approved" status, have an open reservation and current year Host Customer Agreements prior to beginning work at a home.

All installations must be submitted on an Incentive Report within 45 days of the installation.

The **Host Customer Agreement and Acknowledgement (HCA)** form 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 AEP-provided HCA form. The HCA form must be signed and dated by the Project Sponsor; the Host Customer; and if applicable, the subcontractor. In addition, pre- and post-CFM readings and "R" Value of Existing CI are required to be included on the HCA form for all applicable measures. 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 **Self Certification Form of Income Eligibility** is also required of the HTR SOP. These forms are to be used by customers to certify hard-to-reach eligibility. Such form must be submitted for every Host Customer with the Incentive Report paperwork following measure installations.

In the HTR SOP, **all** Host Customers serviced must be supplied with approved **customer education material**. When an inspection is performed by AEP, Host Customers are asked to confirm receipt of such education material.

4.4.1. Prescriptive Requirements for Infiltration Measures

To qualify for incentives, a minimum air leakage reduction of 10% of the pre-installation blower-door CFM reading is required. There is an upper limit of 4.00 CFM₅₀ per square foot of house floor area for the pre-retrofit infiltration rate on eligible projects. 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 G, unless contraindicated for health and safety reasons, the following interior leakage points shall be treated as part of this measure, **if applicable**:

- Attic access
- All plumbing penetrations

- Other building envelope penetrations (Any hole or opening must be sealed using the proper method to ensure a permanent seal)
- Weather-stripping and a door sweep or threshold with door bottom weather-stripping on all exterior doors, upon completion, the Host Customer should be able to close and lock the door(s) with minimal effort
- Missing or broken window panes
- 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.

4.4.2. Prescriptive Requirements for Duct Efficiency Measures

If both infiltration and duct efficiency measures are installed, infiltration measures must be done prior to performing duct efficiency measures. New duct efficiency deemed savings have been in effect since 2012 and are described in Appendix G. To qualify for incentives for duct efficiency measures, in addition to meeting the installation standard in Appendix G, the following prescriptive requirements also apply, **if applicable**:

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

Failure to complete the prescriptive requirements will result in a total measure failure regardless if it meets the CFM reading requirement.

4.4.3. Prior to Installation

1. Subcontractors must be approved by AEP prior to beginning installations.
2. For duct efficiency and infiltration projects, the Project Sponsor must submit a work schedule via the program website at least seven (7) days prior to beginning installations. This requirement may be modified for good cause at the discretion of the program manager upon request via email from the project sponsor and approval via email by the program manager.
3. Upon prior notice from the program manager, Project Sponsors may be required to submit daily work schedules for other measure installation projects, if AEP deems it necessary to review work in progress
4. For Multi-Family sites:
 - Multi-Family projects will require pre-approval of the site and measures via the program website.
 - For Multi-Family projects, the Project Sponsor must submit a work schedule at least seven (7) days prior to beginning installations via the program website.
5. Host Customer must sign and date the HCA form and income eligibility form.

A CO test is required for all air infiltration installations where combustion appliances exist.

AEP will not consider payment for installations submitted without the proper pre-approvals.

4.4.4. Post –Installation

Each customer must sign and date the HCA upon completion of the project to verify the measures were installed as stated. The HCA provides AEP 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 along with approved customer education material. All signatures and dates must be properly completed by the customer, Project Sponsor, and subcontractor (if applicable).**

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.

A CO test is required for all air infiltration installations where combustion appliances exist.

4.5. Installation Reporting

All installation reporting will be done via the website. The Project Sponsor will then mail hard copies to the appropriate Program Administrator.

Installations must be recorded on the website database on a monthly basis and before the 30-day incentive reservation period ends.

The Project Sponsor may enter the data for each installation either individually or all at one time, as long as the installation is entered and submitted on the Incentive Report within 45 days of the installation date. The following information is required for each project completed:

Customer type (Mobile Home or Single Family)
Customer name and address
AEP ESI ID number (TCC, TNC and SWEPCO Texas)*
Best day-time phone number
County
Type of Heating
List of installed measures

*AEP Texas Central customers: ESI IDs begin with 100327894.

*AEP Texas North customers: ESI IDs begin with 102040497.

*SWEPCO Texas customers: ESI IDs begin with 101769896. SWEPCO Texas is located outside the Texas competitive retail market but each customer account is assigned an ESI ID. SWEPCO will also be clearly identified on all customer electric bills.

For apartment complexes, AEP will allow use of the office ESI ID and one HCA and Property Owner Income Eligibility Form signed by the appropriate authority of the apartment complex.

4.6. Monthly Reporting

On or before the last day of the month, the Project Sponsor is required to submit an **Incentive Report**. All installations must be reported within 45 days of installation. The Project Sponsor is required to submit an **Incentive Report** between the 15th and last day of the month for all qualifying installations. To generate the **Incentive Report**, from the *Incentive Menu*:

Select “Incentive Reports”

Select “Eligible Customer List”

Click on “Select All” or select the Customers that are to appear on this month’s report

Click on “Submit Incentive Report”

An Incentive Report title/number is automatically generated by the database

Review report for accuracy then click on “Confirm”

Print the Incentive Report Summary

Mail the Incentive Report and the AEP copy of the signed HCA forms for each customer and Income Eligibility forms to the appropriate AEP Program Administrator. This close out must be completed by the last day of the month. AEP must receive the Incentive Report and all required forms within 5 days of the date the Incentive Report is submitted in the database.

Project Sponsors requesting payment for TRM Measures may request payment for 100% of eligible incentives based on TRM deemed savings values for installed measures.

4.7. Incentive Report Review Procedures

4.7.1. Installation Inspections

All measures installed in the HTR SOP must conform to or exceed the standards listed in the TRM. AEP will make random sample field inspections to determine if each measure has been installed properly and is capable of performing its intended function. Up to 10% of the customer sites may be inspected. If measures installed do not meet the inspection standards, they will not be eligible for incentives.

If AEP is unable to inspect measures installed at the customer’s location, those measures may be counted as failures.

4.7.2. Incentive 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 the un-inspected sites.**

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 Incentive Report are correct. If only 75% of the inspection sample passes inspection, the adjustment factor will be .75; only 75% of the incentive 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 AEP cannot agree on the adjustments after the review, the Project Sponsor and AEP must use the dispute resolution mechanisms that are specified in the SOP Agreement.

4.7.3. Accurate and Timely Reporting

Accurate reporting is of key importance in calculating savings achieved. AEP may prohibit a Project Sponsor from submitting certain measures if problems occur repeatedly in accurately

reporting of required information such as but not limited to; square footage, air conditioner size, and number of serviced supply registers, plumbing penetrations, doors, and windows. All installations will be entered and submitted on the Incentive Report within 45 days of the installation date. Failure to adhere to the reporting requirements may result in total incentive failure or cause for termination of contract.

4.7.4. Excessive Failures

AEP reserves the right to limit the measures a Project Sponsor is allowed to install or to terminate contracts due to excessive failures.

4.7.5. Payment of Incentive

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

INCENTIVE PAYMENT(S) TO PROJECT SPONSOR(S) ARE EXPRESSLY AND SPECIFICALLY CONDITIONED UPON AEP RECEIVING ALL REQUIRED NOTICES, SUBMITTALS AND MATERIALS FROM PROJECT SPONSOR(S) 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.

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.

- | -

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 report 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 PUCT approved avoided costs and incentive caps.

Incentive Report: Monthly report submitted by Project Sponsors containing a detailed description of the energy-efficient measures actually installed, the Demand and Energy Savings as a result of measures installed, an Incentive Payment based on the Demand and Energy Savings achieved, and the sites in which the energy-efficient measures were installed. All installations must be submitted to AEP within 45 days from measure installation date.

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

- M -

Marketing Materials: any method of customer outreach including but not limited to printed materials, radio, television, internet, and social media whether conducted by the project sponsor or by anyone marketing on behalf of the project sponsor.

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 M&V 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 M&V 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 HTR SOP 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.

- T -

Technical Reference Manual: A resource document compiled by the Commission's EM&V contractor that includes information used in program planning and reporting of energy efficiency programs. It can include savings values for measures, engineering algorithms to calculate savings, impact factors to be applied to calculated savings (e.g., net-to-gross values), protocols source documentation, specified assumptions, and other relevant material to support the calculation of measure and program savings.

APPENDIX B
Service Area Maps

AEP Texas Distribution Companies – Counties Served

AEP-Texas Central Company

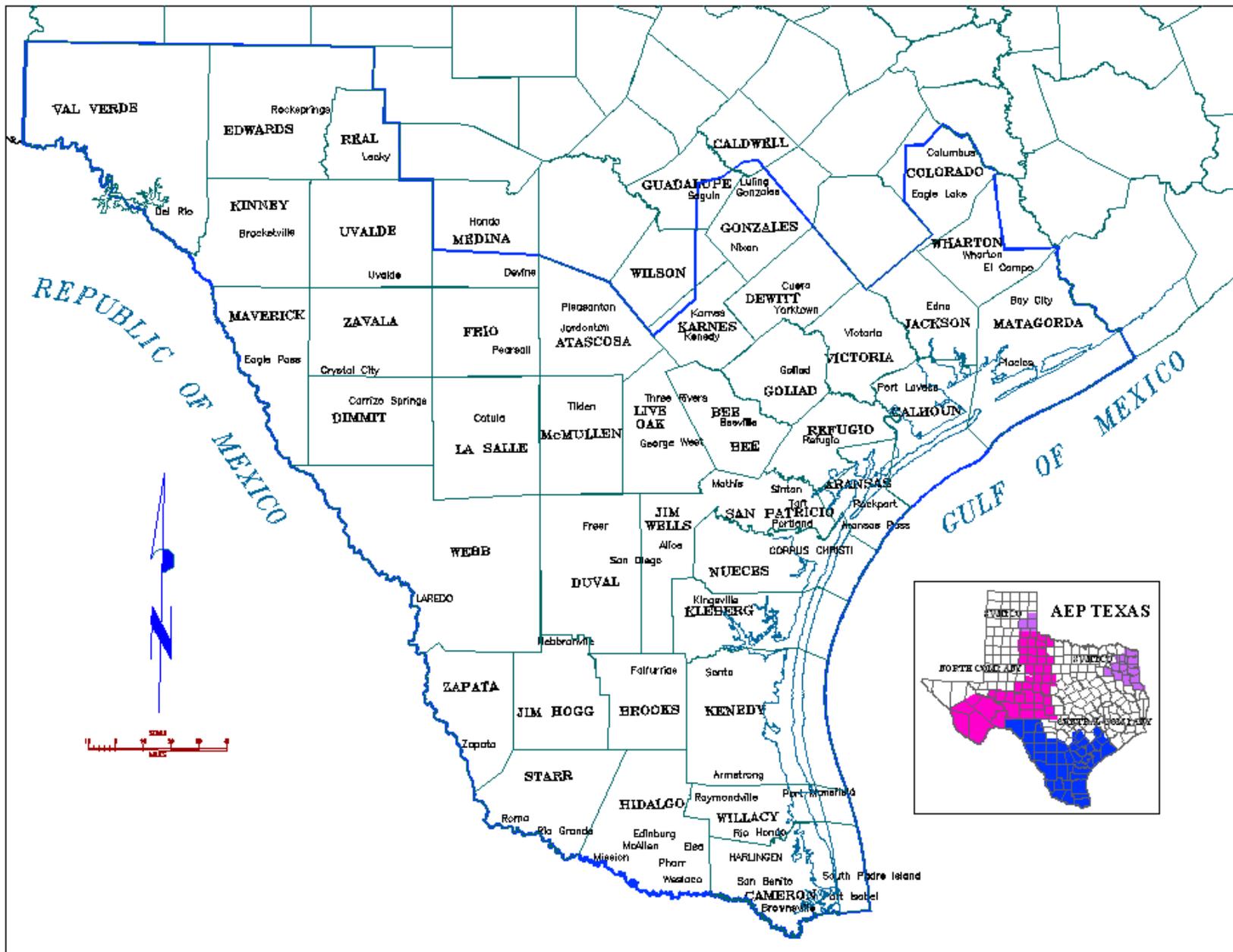
<i>County</i>	<i>Zone</i>	<i>County</i>	<i>Zone</i>
Aransas	4	Kinney	3
Atascosa	3	Kleberg	4
Bee	3	LaSalle	3
Brooks	4	Live Oak	3
Caldwell	3	Matagorda	3
Calhoun	4	Maverick	3
Cameron	4	Medina	3
Colorado	3	McMullen	3
DeWitt	3	Nueces	4
Dimmit	3	Real	2
Duval	4	Refugio	4
Edwards	2	San Patricio	4
Frio	3	Starr	4
Goliad	3	Uvalde	3
Gonzales	3	Val Verde	3
Guadalupe	3	Victoria	3
Hidalgo	4	Webb	4
Jackson	3	Wharton	3
Jim Hogg	3	Willacy	4
Jim Wells	4	Wilson	3
Karnes	3	Zavala	3
Kenedy	4	Zapata	4

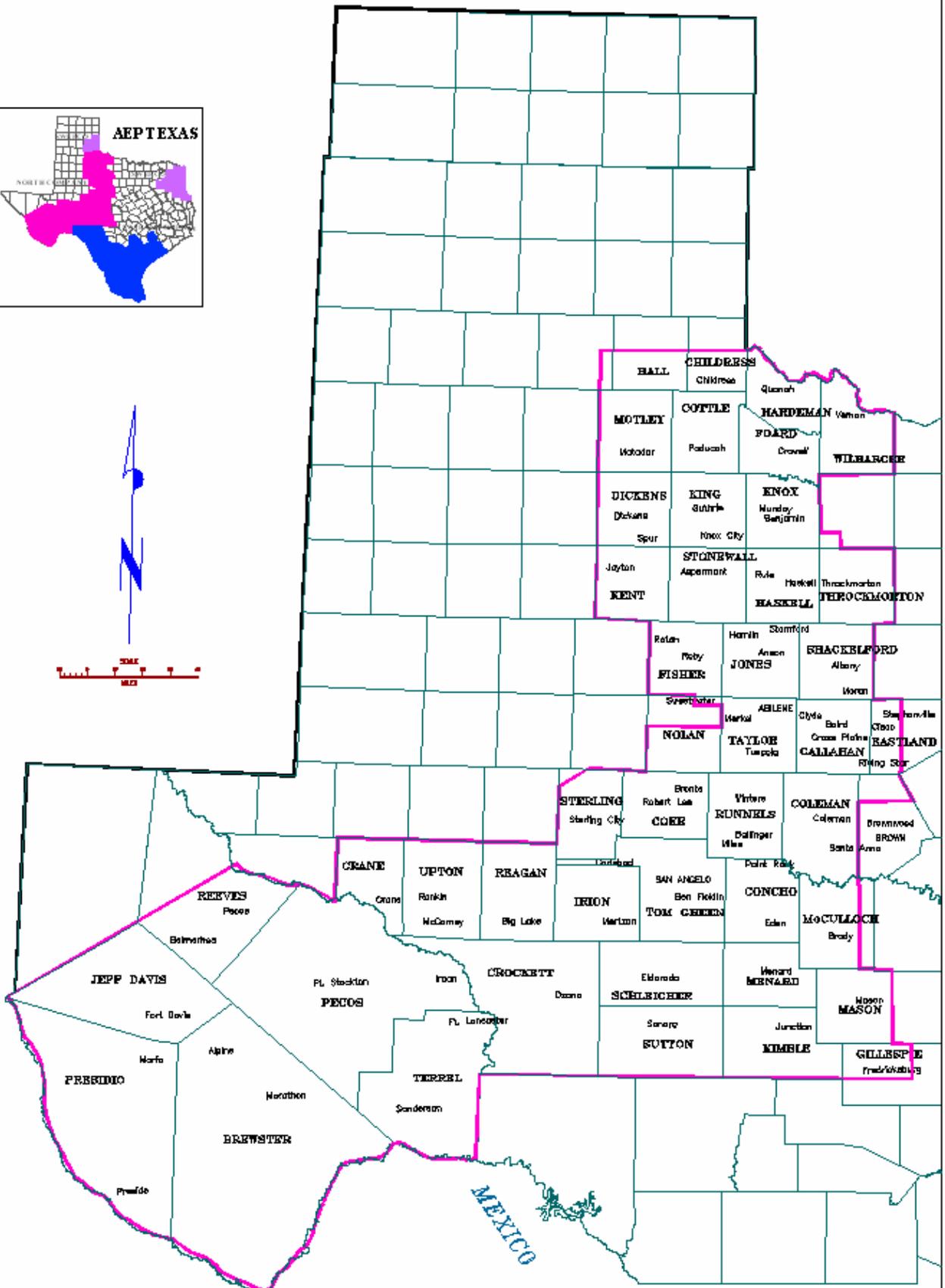
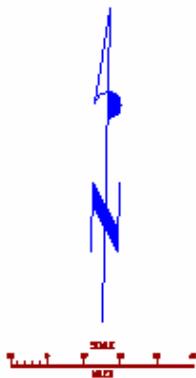
AEP-Texas North Company

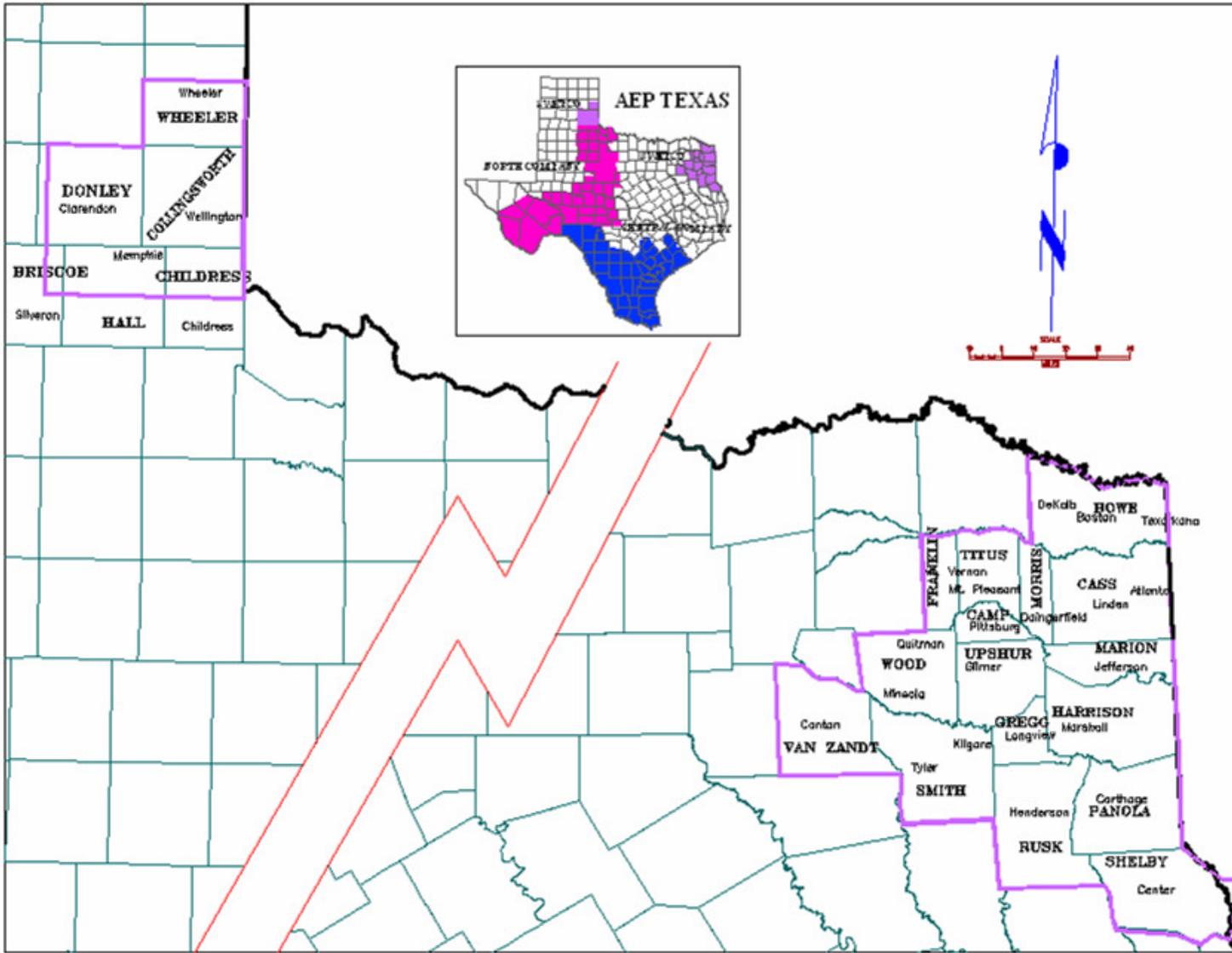
<i>County</i>	<i>Zone</i>	<i>County</i>	<i>Zone</i>
Baylor	2	Kimble	2
Brewster	2	King	1
Briscoe	1	Knox	1
Brown	2	Mason	2
Callahan	2	McCullough	2
Childress	1	Menard	2
Coke	2	Motley	1
Coleman	2	Nolan	2
Concho	2	Pecos	2
Cottle	1	Presidio	2
Crane	2	Reagan	2
Crockett	2	Reeves	2
Dickens	1	Runnels	2
Eastland	2	Schleicher	2
Edwards	2	Shackelford	2
Fisher	2	Stephens	2
Foard	1	Sterling	2
Gillespie	2	Stonewall	1
Hall	1	Sutton	2
Hardeman	1	Taylor	2
Haskell	2	Throckmorton	2
Irion	2	Tom Green	2
Jeff Davis	2	Upton	2
Jones	2	Wheeler	1
Kent	1	Wilbarger	1

SWEPCO

<i>(Northeast Texas)</i> County	Zone	County	Zone
Bowie	2	Shelby	2
Camp	2	Smith	2
Cass	2	Titus	2
Franklin	2	Upshur	2
Gregg	2	Van Zandt	2
Harrison	2	Wood	2
Hopkins	2	<i>(Northwest Texas)</i>	
Marion	2	Childress	1
Morris	2	Collingsworth	1
Panola	2	Donley	1
Red River	2	Hall	1
Rusk	2	Wheeler	1







Appendix C Underserved Counties

AEP Texas Central Company's HTR SOP 2014 Underserved Counties

Atascosa	Goliad	McMullen
Bee	Gonzales	Medina
Brooks	Guadalupe	Real
Caldwell	Jackson	Refugio
Colorado	Jim Wells	Uvalde
DeWitt	Kenedy	Val Verde
Dimmit	Kinney	Wharton
Duval	La Salle	Wilson
Edwards	Live Oak	Zapata
Frio	Maverick	Zavala

AEP Texas North Company's HTR SOP 2014 Underserved Counties

Briscoe	Cottle	Dickens
Foard	Hall	Hardeman
Kent	King	Knox
Motley	Stonewall	Wheeler

SWEPCO's HTR SOP 2014 Underserved Counties

Childress	Franklin	Hopkins
Red River	Smith	Upsher
Van Zandt	Wheeler	Wood

APPENDIX D

CARBON MONOXIDE TEST SPECIFICATIONS

Test Equipment

Carbon monoxide sensing device must have a range from 0-2000 ppm; accuracy +/- 5% of readout; and readout resolution = 1 ppm adjustable to 0.

Ambient Air Test

Conduct test at initial assessment. Every housing unit that has combustion equipment shall be tested. If more than 9 ppm CO is detected, air infiltration reduction measures shall not be installed until the CO problem has been corrected. Host customer should always be informed of the existence of high levels of CO and advised to take precautions until abatement can be performed.

No energy efficiency measure that could result in a decreased ventilation rate for that housing unit shall be installed if the installation of such measure would or could result in ambient air CO levels exceeding 9 ppm within the housing unit.

APPENDIX E FORMS

All Bills Paid Affidavit

Host Customer Agreement & Acknowledgement

Income Eligibility Verification Form

Property Owner Income Eligibility Verification Form

**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

2014 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: Grid-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: ► _____ (Signature) (Date) Subcontractor: ► _____ (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)

White-Customer Yellow-AEP Pink-Project Sponsor

Blower Door CFM: Pre _____ Post _____ Duct Blaster CFM: Pre _____ Post _____ "R" Value of Existing CI: _____

Public Utility Commission of Texas
Self Certification Form of Income Eligibility for Full Incentive Energy Efficiency Services

This statement is made to verify my household income. The Public Utility Commission of Texas has authorized energy efficiency programs to reduce the utility bills of income eligible households. Contractors participating in the programs receive higher incentive payments when you are income eligible. The purpose of the higher payment is to enable the contractor to provide the improvements at very low cost or at no cost to you.

Name		
Street Address		Apartment Number
City		TX Zip Code
Area Code ()	Phone Number	Number of Persons in Household

I currently qualify in one of the following categories. _ Check the appropriate category box.

Category 1

I receive benefits from one or more of the programs listed below (check each box that

Food Stamps	Medical Assistance	Temporary Assistance to Needy Families
Supplemental Security Income	Children's Health Insurance Program	Qualified Medicare Beneficiary
Public Housing, Section 8 Housing, or Other Housing Authority Assistance		

applies):

Participating in this program will not affect your eligibility for other program benefits. If you checked one or more of the boxes in Category 1, please sign and date the form

Category 2

My total household income before taxes is at or below the amount shown in the table below as determined by completing the Income Calculation Worksheet at the bottom of this form. **(Do not check this box before completing the worksheet.)**

INCOME CALCULATION WORKSHEET

Step 1-Fill out the Income Calculation Worksheet.

*Instructions: **Do not** complete this worksheet if you checked any of the boxes in Category 1. To accurately determine your **household income** you must include the income of all persons residing in your home from all sources. To determine the amount of income in each category enter the amount(s) on the check or benefit statement.*

Amount per week / month / year (circle one)

Wages from full or part-time employment as shown on paystub or W-2 form: _____

Unemployment or Worker's Compensation _____

Social Security _____
 Retirement Income _____
 Child Support and/or Alimony _____
 All other earnings _____
TOTAL HOUSEHOLD INCOME _____

(Add the amount entered on each line to figure your total household income.)

Step 2. Compare your total household income per week, month or year to the amount shown in the table below for the number of persons in your household. If your total household income is equal to or less than the amount shown in the table you are income eligible. Please check the box next to Category Two and sign and date the form.

2013 HTR Income Eligibility Guidelines*

Household Size	2013 Eligibility Guideline		
	Annual Income	Monthly Income	Weekly Income
1	\$22,980	\$1,915	\$442
2	\$31,020	\$2,585	\$597
3	\$39,060	\$3,255	\$751
4	\$47,100	\$3,925	\$906
5	\$55,140	\$4,595	\$1,060
6	\$63,180	\$5,265	\$1,215
7	\$71,220	\$5,935	\$1,370
8	\$79,260	\$6,605	\$1,524
For each additional person, add	\$8,040	\$670	\$155

*Income guidelines are updated every January. Project Sponsors should use the updated guidelines when they become available. Please check our website for current guidelines.

Under penalty of perjury, I certify that the above declaration is true and correct. I understand that the information is subject to audit and investigation by the Public Utility Commission of Texas.					
Sign Here Keep Copy for your records.	—	Customer Signature	Date	Contractor Signature	Date

The information provided on this form will be used solely for the purpose of determining whether your household is eligible for this program and will be kept confidential by the contractor and by the Public Utility Commission of Texas. It will not be sold or provided to any other party.

APPENDIX F

MARKETING MATERIAL: ACCEPTABLE AND UNACCEPTABLE

Information has sometimes been relayed to a customer that is 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 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."