

**AGREEMENT TO JOINTLY DELIVER THE 2010-2012
ORANGE COUNTY CITIES ENERGY EFFICIENCY PARTNERSHIP PROGRAM**

BY AND AMONG

THE CITY OF COSTA MESA

THE CITY OF HUNTINGTON BEACH

THE CITY OF FOUNTAIN VALLEY

THE CITY OF WESTMINSTER

AND

SOUTHERN CALIFORNIA GAS COMPANY

DATED: January 1, 2010

**This program is funded by California utility ratepayers and administered by the Utilities under the
auspices of the California Public Utilities Commission.**

THIS AGREEMENT TO JOINTLY DELIVER THE 2010-2012 ORANGE COUNTY CITIES ENERGY EFFICIENCY PARTNERSHIP PROGRAM (the "Agreement") by and among the City of Costa Mesa, the City of Fountain Valley, the City of Huntington Beach, the City of Westminster (the "Cities") and Southern California Gas Company ("SCG"), is effective as of January 1, 2010 ("Effective Date"). SCG and the Cities may be referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, on July 21, 2008, as amended on March 2, 2009, SCG submitted the Application ("Application") for Approval of 2009-2011 Energy Efficiency Programs to the California Public Utilities Commission (the "Commission") to be delivered to SCG customers for the years 2009 through 2011, which included the SCG Local Government Partnership Program in which SCG will work with cities, counties, and other local government organizations to deliver the 2010-2012 Orange Cities Energy Efficiency Partnership Program (the "Program") in the Cities within SCG service territory;

WHEREAS, on October 1, 2009, the Commission in D.09-09-047 authorized certain energy efficiency programs and budgets which include the SCG Local Government Partnership Program to be delivered to SCG customers for the years 2010 through 2012, including the Program;

WHEREAS, the Cities has expressed commitments, and has qualified, to participate in the Program, allowing the Cities to achieve immediate and long-term energy savings in their own facilities and to demonstrate energy efficiency leadership in their communities while helping residents and businesses achieve sustainable reductions in energy use within SCG service territory;

WHEREAS, the Program is designed to encompass several local government jurisdictions that include City of Costa Mesa, City of Fountain Valley, City of Huntington Beach and City of Westminster (the "Cities");

WHEREAS, the Parties desire to enter into an agreement that supersedes any and all previous agreements, and sets forth the terms and conditions under which the Program shall be implemented with respect to the Parties.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS

All terms used in the singular will be deemed to include the plural, and vice versa. The words "herein," "hereto," and "hereunder" and words of similar import refer to this Agreement as a whole, including all exhibits or other attachments to this Agreement, as the same may from time to time be amended or supplemented, and not to any particular subdivision contained in this Agreement, except as the context clearly requires otherwise. "Includes" or "including" when used herein is not intended to be exclusive, or to limit the generality of the preceding words, and means "including without limitation." The word "or" is not exclusive.

- 1.1. Agreement: This document and all exhibits attached hereto, and as amended from time to time.
- 1.2. Amendment: A future document executed by the authorized representatives of all Parties which changes or modifies the terms of this Agreement.

1.3. Authorized Budget: The Commission approved maximum budget for funding the performance of Authorized Work by all Parties of the Program as set forth in the Programs Implementation Plans.

1.4. Authorized Work: The work authorized by the Commission for the Program as set forth in this Agreement and as more fully described in the Program Implementation Plan, and as agreed to be performed by the Parties.

1.5. Business Day: The period from one midnight to the following midnight, excluding Saturdays, Sundays, and holidays.

1.6. Calendar Day: The period from one midnight to the following midnight, including Saturdays, Sundays, and holidays. Unless otherwise specified, all days in this Agreement are Calendar Days.

1.7. Contractor: An entity contracting directly or indirectly with a Party, or any subcontractor thereof subcontracting with such Contractor, to furnish services or materials as part of or directly related to such Party's Authorized Work obligations.

1.8. Customers or Eligible Customers: Those customers eligible for 2010-2012 Program services, which are SCG customers located within the jurisdiction of the Cities, and may include the city itself.

1.9. EM&V: Evaluation, Measurement and Verification of the Program pursuant to Commission requirements.

1.10. Energy Efficiency Measure (or Measure): As used in the Commission's Energy Efficiency Policy Manual, Version 4, August 2008, as may be supplemented or updated from time to time.

1.11. Gas Surcharge: The funds collected from gas utility ratepayers pursuant to Section 890 et al. of the California Public Utilities Code for public purposes programs, including energy efficiency programs approved by the Commission.

1.12. Incentive: As used in the Commission's Energy Efficiency Policy Manual, Version 4, August 2008, as may be supplemented or updated from time to time.

1.13. Partner Budget: That portion of the Authorized Budget, which represents the maximum budget and maximum allocation by period, for funding the performance of the Program by the Cities and as set forth in Exhibit B, subject to amendment by SCG consistent with the terms of this Agreement.

1.14. Program Expenditures: Actual (i.e., no mark-up for profit, administrative or other indirect costs), reasonable expenditures of the Cities that are pre-approved, directly identifiable to and required for the Authorized Work in accordance with Section 10.3.

1.15. PIP or Program Implementation Plan: The implementation plan specific to this Program, together with SCG Local Government Partnership Master PIP, which include the anticipated

scope of the Program in SCG service territory, approved by the Commission and attached hereto as Exhibit A.

2. PURPOSE

The Program is funded by California utility ratepayers and is administered by SCG under the auspices of the Commission. The purpose of this Agreement is to set forth the terms and conditions under which the Parties will jointly implement the Program. The work authorized pursuant to this Agreement is not to be performed for profit.

This Agreement is not intended to and does not form any “partnership” within the meaning of the California Uniform Partnership Act of 1994 or otherwise.

3. PROGRAM DESCRIPTION

3.1. Overview. The 2010-2012 Orange Cities Energy Efficiency Partnership Program is designed to provide integrated technical and financial assistance to help local governments effectively to increase energy efficiency, reduce greenhouse gas emissions, increase renewable energy usage, protect air quality and ensure that their communities are more livable and sustainable. The Program provides access to all SCG core programs to increase energy efficiency in local government facilities and their communities through energy saving actions, including retrofitting their municipal facilities as well as providing opportunities for constituents to take action in their homes and businesses. By implementing measures in Cities’ own facilities, the Cities will build their local capacity for energy efficiency and sustainability as the Cities and SCG work together to increase community awareness of energy efficiency and position the Cities as leaders in sustainable energy management practices. The Program will provide marketing, outreach, education and training to connect the community with opportunities to save energy, money and help the environment. The Parties will leverage the strengths of each other to efficiently deliver energy savings. Delivering sustainable energy savings, promoting energy efficiency lifestyles, and achieving an enduring local government capacity for the Cities through this Program design is rooted in the effective relationship among the Cities, their constituents, and SCG.

4. AUTHORIZED WORK

4.1. Scope. The work authorized by the Commission is set forth broadly in the PIP and shall be performed pursuant to the terms of this Agreement. The Parties shall collaborate and mutually agree upon specific Program implementation consistent with the PIP, and the Parties shall document such details in a “Planning Document” which is intended to evolve throughout the term of the Program.

4.2. Objectives. The Program is designed to meet the specific goals and milestones set forth in Exhibit B of this Agreement, while implementing the Program strategies and meeting the general objectives and goals set forth in the PIP.

5. **LIMITATION ON SERVICE TERRITORY** – The Parties agree that Authorized Work shall only be performed in SCG service territory, with energy savings claims applicable solely to SCG utility system. No Authorized Work shall be performed for any customers that receive natural gas from a municipal utility corporation or other natural gas service provider or that do not directly receive gas service from SCG. Nothing in this Section 5 is intended to preclude Program coordination with other municipal utilities.

6. **OBLIGATIONS OF THE PARTIES**

6.1. Obligations of SCG and the Cities

- 6.1.1. Each Party will be responsible for the overall progress of its Authorized Work, to ensure that the Program remains on target (including but not limited to achieving the Program’s specific energy savings and demand reduction goals as set forth in Exhibit B).
- 6.1.2. The Parties shall jointly coordinate and prepare all Program-related documents, including all required reporting pursuant to Section 9, and any such other reporting as may be reasonably requested by SCG.
- 6.1.3. To the extent practicable and with coordination by SCG, the Parties shall use the Program as a portal for other existing or selected programs that SCG offers, including programs targeting low-income customers, demand response, self-generation, solar, and other programs as described in the PIP, with a goal to enhance consistency in rebates and other Program details, minimize duplicative administrative costs, and enhance the possibility that programs can be marketed together to avoid duplicative marketing expenditures.
- 6.1.4. Consistent with those contained in the PIP, SCG and the Cities will work together to develop and accomplish additional mutually agreeable goals.

6.2. Obligations of the Cities.

- 6.2.1. Each City shall appoint an “Energy Champion” who will be the primary contact among the City, other Cities, and SCG’s Energy Efficiency Representative (defined in Section 6.3.1), and who will be authorized to act on behalf of the City in carrying out the City’s obligations under this Agreement. Such appointment shall be communicated in writing to SCG within 10 Business Days following execution of this Agreement.
- 6.2.2. Each City shall communicate regularly with SCG’s Energy Efficiency Representatives in accordance with Section 7.2 and 7.3 hereof, and shall advise SCG immediately of any problems or delays associated with its Authorized Work obligations.
- 6.2.3. The Cities shall perform their Authorized Work obligations within the Partner Budget and in conformance with the schedule and goals associated with such Authorized Work as set forth in this Agreement, and shall furnish the required

labor, equipment and material with the degree of skill, care and professionalism that is required by current professional standards.

- 6.2.4. Each City will be actively involved in all aspects of the Program. Each City will use its best efforts to (a) dedicate human resources necessary to implement the Program successfully, (b) providing support for the Program marketing and outreach activities, and (c) working to enhance communications with SCG to address consumer needs.
- 6.2.5. The Cities shall obtain the approval of SCG when developing Program marketing materials and prior to their distribution, publication, circulation, or dissemination in any way to the public. In addition, all advertising, marketing or otherwise printed or reproduced material used to implement, refer to, or that is in any way related to the Program must contain the respective name and logo of SCG and, at a minimum, the following language: *"This Program is funded by California utility ratepayers and administered by Southern California Gas Company under the auspices of the California Public Utilities Commission."*
- 6.2.6. The Cities shall obtain the approval of SCG prior to conducting any Program public outreach activities (exhibits, displays, public presentations, canvassing, etc.) and any marketing materials used in connection with such outreach activity shall comply with the requirements of Section 6.2.5.
- 6.2.7. The Cities shall submit to SCG, upon its request, all contracts, agreements or other requested documents with the Cities' Contractors (including subcontractors) performing Authorized Work in connection with the Program.
- 6.2.8. Each City acknowledges and agrees that the Program has other cities as Parties under this Agreement, and that no one City is entitled to the entire Authorized Budget, and that the City shall work with SCG and each other Cities to achieve the goals and accomplish the Authorized Work of the Program.

6.3. Obligations of SCG.

- 6.3.1. SCG will appoint a Partnership representative ("SCG Energy Efficiency Representative") who will be the primary contact for the Cities, and who will be authorized to act on behalf of SCG in carrying out SCG's obligations under this Agreement. Such appointment shall be communicated in writing to the Cities within 10 Business Days following execution of this Agreement.
- 6.3.2. SCG will be actively involved in all aspects of the Program. SCG will use good faith efforts to add value to the Program by (a) dedicating human resources necessary to implement the Program successfully and providing and maintaining a SCG presence in the Cities, (b) providing support for the Program's marketing and outreach activities, and (c) working to enhance communications with the Cities to address consumer needs and provide SCG information and services.
- 6.3.3. SCG shall provide, at no cost to the Cities informational and educational materials on SCG's core programs.

6.3.4. SCG shall be responsible for coordinating and ensuring compliance with all SCG reporting and other SCG filing requirements.

6.4. EM&V. Once the Commission has approved and issued an evaluation, measurement and verification (“EM&V”) plan for the Program, such EM&V plan shall be attached to this Agreement as Exhibit D and shall be incorporated herein by this reference. Any subsequent changes or modifications to such EM&V plan by the Commission shall be automatically incorporated into Exhibit D. The Cities shall provide and comply with all Commission/SCG’s requests regarding activities related to EM&V. The Cities and its Contractors shall cooperate fully with SCG’s Energy Efficiency Representative and will provide all requested information, if any, to assure the timely completion of all EM&V Plan tasks requiring the Cities’ involvement or cooperation.

7. ADMINISTRATION OF PROGRAM

7.1. Decision-making and Approval.

7.1.1. Except as specifically provided in this Agreement, the following actions and tasks require consent of both Parties:

- a. Any material modification to the Authorized Work in connection with the Program.
- b. Any action that materially impacts the agreed-upon schedule for implementing the Program.
- c. Selection of any Contractor not previously approved by SCG.

7.1.2. Unless otherwise specified in this Agreement, the Parties shall document all material Program decisions, including, without limitation, all actions specified in Section 7.1.1 above, in meeting minutes or if taken outside a meeting, through written communication, which shall be maintained in hard copy form on file by the Parties for a period of no less than ten (10) years after the expiration or termination of this Agreement.

7.2. Regular Meetings. During the term of this Agreement, the Cities’ Energy Champions of the Program and the SCG Energy Efficiency Representative, along with such members of the Program team as the Parties deem necessary or appropriate, shall meet monthly at a location reasonably agreed upon by the Parties. In addition to any other agenda items requested by either Party, the agenda shall include a review the status of the Cities’ performance against Partner Budget, toward achievement of the goals set forth in Exhibit B, and the Partnership’s progress towards meeting overall Partnership goals set forth in the PIP. Any decision-making shall be reached and documented in accordance with the requirements of Section 7.1 above.

7.3. Regular Communication. Regular communication among Program representatives is critical for the long-term success of the Program and achievement of Program goals and objectives. Notwithstanding Section 7.2, above, the Program representatives identified in writing by each Party pursuant to Sections 6.2.1 and 6.3.1, respectively shall communicate regularly with each other to review the status of the Program’s goals, deliverables, schedules and budgets, and plan for upcoming Program implementation activities, and to advise the other Party of any problems associated with successful implementation of the Program. Any decision-making during

this communication process shall be reached and documented in accordance with the requirements of Section 7.1 above.

7.4. Non-Responsibility for Other Party. Notwithstanding anything contained in this Agreement in the contrary, a Party shall not be responsible for the performance or non-performance hereunder of the other Party, nor be obligated to remedy any other Party's defaults or defective performance.

8. DOUBLE DIPPING PROHIBITED

In performing its respective Authorized Work obligations, the Cities shall implement the following mechanism and shall take other practicable steps to minimize double-dipping:

8.1. Prior to providing incentives or services to an Eligible Customer, the Cities and its Contractors shall obtain a signed form from such Eligible Customer stating that:

8.1.1. Such Eligible Customer has not received incentives or services for the same measure from any other SCG program or from another utility, state, or local program; and

8.1.2. Such Eligible Customer agrees not to apply for or receive incentives or services for the same measure from any other SCG program or from another utility, state, or local program.

Each Party shall keep its Customer-signed forms for at least five (5) years after the expiration or termination of this Agreement.

8.2. No Party shall knowingly provide an incentive to an Eligible Customer, or make payment to a Contractor, who is receiving compensation for the same product or service either through another ratepayer funded program, or through any other funding source.

8.3. Each City represents and warrants that it or its Contractors has not received, and will not apply for or accept incentives or services for any measure provided for herein or offered pursuant to this Agreement or the Program from any other SCG program or from any other utility, state or local program.

8.4. The Parties shall take reasonable steps to minimize or avoid the provision of incentives or services for the same measures provided under the Program from another program or other funding source ("double-dipping").

9. REPORTING

9.1. Reporting Requirements. The Parties shall implement those reporting requirements set forth in Exhibit E attached hereto, as the same may be amended from time to time, or until the Commission otherwise requires or issues different or updated reporting requirements for the Program, in which case and at which time such Commission-approved reporting requirements shall replace the requirements set forth in Exhibit E in their entirety.

10. PAYMENTS

10.1. Partner Budget

- 10.1.1. Maximum Budget: The Partner Budget is set forth in Exhibit B to this Agreement and represents the Cities' maximum share of the Program's three-year Authorized Budget. Additionally, Exhibit B sets forth the maximum non-incentive budget on a periodic basis during the Program. The Cities shall not be entitled to compensation in excess of the Partner Budget (either on a periodic basis or in total), without written authorization by SCG and receipt of a revised Exhibit B. Consistent with Commission directives to maximize cost-effectiveness and energy savings, the Partner Budget set forth in Exhibit B may be reallocated or adjusted at any time by SCG in its sole discretion, based upon SCG's evaluation of the Cities' commitment to, and progress toward the Cities' energy savings goals set forth herein.
- 10.1.2. Tracking: SCG will track the Cities' performance against the SCG goals and objectives set forth in Section 4.2 hereof, including tracking (or estimating) achievement towards the specific energy savings goals set forth in Exhibit B. The tracking will enable SCG, to (i) report SCG Program status and achievement of respective goals and objectives, (ii) confirm or amend SCG portion of the Partner Budget, set forth in Exhibit B hereto, based on the Cities' performance of the SCG goals and objectives set forth in this Agreement;
- 10.1.3. Partner Budget Adjustment: The Parties acknowledge that this Program is offered in furtherance of the Commission's strategic energy efficiency goals for California and is based on the Cities' commitment to attain such goals and its desire to provide leadership to its community. To this end, in the event that SCG determines, in its sole discretion and through the tracking mechanism set forth in 10.1.2 above, that the Cities is not performing in accordance with the goals and objectives set forth in this Agreement, then SCG shall have the unilateral right to reduce, eliminate, or otherwise adjust the Partner Budget for the remaining Program year or years (other than for Program Expenditures previously approved by SCG) by amending Exhibit B and providing the amended Exhibit to the Cities. Pursuant to this Section, any such amended Exhibit B shall automatically be incorporated into this Agreement and take effect immediately upon delivery from SCG to the Cities.
- 10.1.4. Partner Budget Categories
- a. Non-Incentive Budget: The Partner Budget is comprised of a non-incentive portion which includes separate categories for Marketing, Education & Outreach, Technical Assistance [and Direct Implementation], all of which are more fully described in the Program Implementation Plan.
 - b. Incentive Budget: SCG incentive budget in this Program is a part of incentive budget from its core programs. The incentive level is up to \$1.00 per therm for the calculated measures. Other incentives for deemed

measures are in accordance with the respective prescribed incentives for SCG core programs.

10.2. Program Expenditures of the Cities. The Cities, with SCG's prior approval, shall be entitled to spend Gas Surcharge funds, within the limits of the Partner Budget, on Program Expenditures. The Cities shall not be entitled to reimbursement of Program Expenditures for any item (i) not specifically identifiable to the Program, (ii) not previously approved by SCG, (iii) not expended within the terms of this Agreement, or (iv) not otherwise reimbursable under this Agreement.

10.3. Payment to the City. In order for the City to be entitled to Gas Surcharge funds for Program Expenditures:

10.3.1. The City shall submit monthly activity reports to SCG in a format acceptable to SCG and containing such information as may be required for the reporting requirements set forth in Section 9 above ("Monthly City Reports"), by the tenth (10th) Calendar Day of the calendar month following performance, setting forth all Program Expenditures.

10.3.2. The City shall submit to SCG, together with any Monthly City Report, a monthly invoice for reimbursement of reported Program Expenditures, in a format acceptable to SCG, attaching all documentation reasonably necessary to substantiate the Program Expenditures, including, without limitation, the following:

- a. Contractor Costs: Copies of all Contractor invoices. If only a portion of Contractor costs applies to the Program, the Cities shall clearly indicate the line items or percentage of the invoice amount that should be applied to the Program as provided in Exhibit E.
- b. Marketing, Education & Outreach: A copy of each distinct marketing material produced, with quantity of a given marketing material produced and the method of distribution.
- c. Other expenditures: As pre-approved by SCG, with sufficient documentation to support the expenditure.
- d. Allowable Costs: Only those costs as listed in the Allowable Cost Table contained in the Reporting Requirements attached as Exhibit E can be submitted for payment. All invoices submitted to SCG must report all costs using the allowable cost elements shown on the Allowable Cost Table.

Each City understands and acknowledges that all of its invoices for the Programs and the Monthly City Report shall be submitted to SCG.

10.3.3. SCG reserves the right to reject any City invoiced amount for any of the following reasons:

- a. The invoiced amount, when aggregated with previous Program Expenditures, exceeds the amount budgeted in the Partner Budget for such Authorized Work (as set forth in Exhibit B).
- b. There is a reasonable basis for concluding that such invoiced amount is unreasonable or is not directly identifiable to or required for the Authorized Work, and/or the Program.
- c. The invoiced amount, in SCG's sole discretion, contains charges for any item not authorized under this Agreement or by the Commission, or is deemed untimely, unsubstantiated or lacking proper documentation.

10.3.4. The Cities shall maintain for a period of not less than five (5) years all documentation reasonably necessary to substantiate the Program Expenditures, including, without limitation, the documentation set forth in Section 10.3.2 above. The Cities shall promptly provide, upon the reasonable request by SCG, any documentation, records or information in connection with the Program or its Authorized Work.

10.3.5. SCG shall review and either approve, dispute or reject for payment the reported Program Expenditures within twenty (20) Calendar Days of receipt of the Monthly City Report and corresponding City invoice. SCG shall pay all undisputed amounts after the ten (10) Calendar Day period described in Section 10.3.1, but within thirty (30) Calendar Days of receiving the Monthly City Report and corresponding City invoice.

10.3 Payment of Incentives. Payment of Incentives to the City shall be made in accordance with the applicable SCG's program requirements, including terms and conditions, and only after appropriate program documents have been submitted and approved, and the appropriate inspections of each project or measure have been completed to SCG's satisfaction.

10.4. Shifting Funds. SCG may shift funds within the Authorized Budget among the Cities, and/or may shift funds within Partner Budget among budget categories (Marketing, Education & Outreach, Direct Implementation and Incentives), which categories and budget amounts are set forth in Exhibit B. Such shifting may be made by SCG to the maximum extent permitted under, and in accordance with, Commission decisions and rulings to which the Program relates.

10.5. Reasonableness of Expenditures. Each City shall bear the burden of ensuring that its Program Expenditures are objectively reasonable. The Commission has the authority to review all Program Expenditures for reasonableness. Should the Commission, at any time, issue a finding of unreasonableness as to any Program Expenditure and require a refund or return of the Gas Surcharge funds paid in the reimbursement of such Program Expenditure, such City shall be solely liable for such refund or return.

11. END DATE FOR PROGRAM AND ADMINISTRATIVE ACTIVITIES

Unless this Agreement is terminated pursuant to Section 25 below, or unless otherwise agreed to by the Parties or so ordered by the Commission, the Parties shall complete all Program Administrative

activities (as defined in the PIP) and all reporting requirements by no later than March 31, 2013, and all Direct Implementation and Marketing & Outreach activities by no later than December 31, 2012.

12. FINAL INVOICES

Each City must submit final invoices to SCG no later than February 28, 2013.

13. INDEMNITY

13.1. Indemnity by the Cities. The Cities shall indemnify, defend and hold harmless SCG, and its respective successors, assigns, affiliates, subsidiaries, current and future parent companies, officers, directors, agents, and employees, from and against any and all expenses, claims, losses, damages, liabilities or actions in respect thereof (including reasonable attorneys' fees) to the extent arising from (a) the Cities' negligence or willful misconduct in the Cities' activities under the Program or performance of its obligations hereunder, or (b) the Cities' breach of this Agreement or of any representation or warranty of the Cities contained in this Agreement.

13.2. Indemnity by SCG. SCG shall indemnify, defend and hold harmless the Cities, and its respective successors, assigns, affiliates, subsidiaries, current and future parent companies, officers, directors, agents, and employees, from and against any and all expenses, claims, losses, damages, liabilities or actions in respect thereof (including reasonable attorneys' fees) to the extent arising from (a) SCG's negligence or willful misconduct in SCG's activities under the Program or performance of its obligations hereunder or (b) SCG's breach of this Agreement or any representation or warranty of SCG contained in this Agreement.

13.3. LIMITATION OF LIABILITY. NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR STRICT LIABILITY INCLUDING, BUT NOT LIMITED TO, LOSS OF USE OF OR UNDERUTILIZATION OF LABOR OR FACILITIES, LOSS OF REVENUE OR ANTICIPATED PROFITS, COST OF REPLACEMENT POWER OR CLAIMS FROM CUSTOMERS, RESULTING FROM A PARTY'S PERFORMANCE OR NONPERFORMANCE OF THE OBLIGATIONS HEREUNDER, OR IN THE EVENT OF SUSPENSION OF THE AUTHORIZED WORK OR TERMINATION OF THIS AGREEMENT.

14. OWNERSHIP OF DEVELOPMENTS

The Parties acknowledge and agree that SCG, on behalf of its Customers, shall own all data, reports, information, manuals, computer programs, works of authorship, designs or improvements of equipment, tools or processes (collectively "Developments") or other written, recorded, photographic or visual materials, or other deliverables produced in the performance of this Agreement; provided, however, that Developments do not include equipment or infrastructure purchased for research, development, education or demonstration related to energy efficiency. Although the Cities shall retain no ownership, interest, or title in the Developments except as may otherwise be provided in this Agreement, it will have a permanent, royalty free, non-exclusive license to use such Developments, subject to the confidentiality obligations of this Agreement.

15. DISPUTE RESOLUTION

15.1. Dispute Resolution. Except as may otherwise be set forth expressly herein, all disputes arising under this Agreement shall be resolved as set forth in this Section 15.

15.2. Negotiation and Mediation. The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiations between the Parties' authorized representatives. The disputing Party shall give the other Party written notice of any dispute. Within twenty (20) Calendar Days after delivery of such notice, the authorized representatives shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute. If the matter has not been resolved within thirty (30) Calendar Days of the first meeting, any Party may initiate a mediation of the dispute. The mediation shall be facilitated by a mediator that is acceptable to both Parties and shall conclude within sixty (60) Calendar Days of its commencement, unless the Parties agree to extend the mediation process beyond such deadline. Upon agreeing on a mediator, the Parties shall enter into a written agreement for the mediation services with each Party paying a pro rata share of the mediator's fee, if any. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association; provided, however, that no consequential damages shall be awarded in any such proceeding and each Party shall bear its own legal fees and expenses.

15.3. Confidentiality. All negotiations and any mediation conducted pursuant to Section 15.2 shall be confidential and shall be treated as compromise and settlement negotiations, to which Section 1152 of the California Evidence Code shall apply, which Section is incorporated in this Agreement by reference.

15.4. Injunctive Relief. Notwithstanding the foregoing provisions, a Party may seek a preliminary injunction or other provisional judicial remedy if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo.

15.5. Continuing Obligation. Each Party shall continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement.

15.6. Failure of Mediation. If, after good faith efforts to mediate a dispute under the terms of this Agreement as provided in Section 15.2 above, the Parties cannot agree to a resolution of the dispute, any Party may pursue whatever legal remedies may be available to it at law or in equity, before a court of competent jurisdiction and with venue as provided in Section 15.2.

16. REPRESENTATIONS AND WARRANTIES

16.1. Representation of both Parties. Each Party represents and warrants, as of the Effective Date and thereafter during the term of this Agreement, that:

16.1.1. The Authorized Work performed by a Party and/or its Contractors shall comply with the applicable requirements of all statutes, acts, ordinances, regulations, codes, and standards of federal, state, local and foreign governments, and all agencies thereof.

- 16.1.2. The Authorized Work performed by a Party and/or its Contractors shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any proprietary rights of any person.
- 16.1.3. Each Party shall conform to the applicable employment practices requirements of (Presidential) Executive Order 11246 of September 24, 1965, as amended, and applicable regulations promulgated thereunder.
- 16.1.4. Each Party shall contractually require each Contractor it hires to perform the Authorized Work to indemnify each other Party to the same extent such Party has indemnified each other Party under the terms and conditions of this Agreement.
- 16.1.5. Each Party shall retain, and shall cause its Contractors to retain, all records and documents pertaining to its Authorized Work obligations for a period of not less than five (5) years beyond the termination or expiration of this Agreement.
- 16.1.6. Each Party shall contractually require all of its Contractors to provide the other Parties reasonable access to relevant records and staff of Contractors concerning the Authorized Work.
- 16.1.7. Each Party will maintain, and may require its Contractors to maintain, the following insurance coverage or self insurance coverage, at all times during the term of this Agreement, with companies having an A.M. Best rating of "A-, VII" or better, or equivalent:
- (i) Workers' Compensation/Employer's Liability or Equivalent: statutory minimum.
 - (ii) Commercial General Liability: \$2 million minimum per occurrence/\$4 million minimum aggregate.
 - (iii) Commercial or Business Auto (if applicable): \$1 million minimum.
 - (iv) Professional Liability (if applicable): \$1 million minimum.
- 16.1.8. Each Party shall take all reasonable measures, and shall require its Contractors to take all reasonable measures, to ensure that the Program funds in its possession are used solely for Authorized Work, which measures shall include the highest degree of care that such Party uses to control its own funds, but in no event less than a reasonable degree of care.

17. PROOF OF INSURANCE

17.1. Evidence of Insurance. Upon request at any time during the term of this Agreement, a Party shall provide evidence that its insurance policies (and the insurance policies of any Contractor, as provided in Section 16.8) are in full force and effect, and provide the coverage and limits of insurance that the Party has represented and warranted herein to maintain at all times during the term of this Agreement.

17.2. Self-Insurance. If a Party is self-insured, such Party shall upon request forward documentation to the other Party that demonstrates to the other Party's satisfaction that such Party self-insures as a matter of normal business practice before commencing the Authorized Work. Each Party will accept reasonable proof of self-insurance comparable to the above requirements.

17.3. Notice of Claims. Each Party shall immediately report to the other Party, and promptly thereafter confirm in writing, the occurrence of any injury, loss or damage incurred by such Party or its Contractors or such Party's receipt of notice or knowledge of any claim by a third party of any occurrence that might give rise to such a claim over \$100,000.

18. CUSTOMER CONFIDENTIALITY REQUIREMENTS

18.1. Non-Disclosure. Subject to any disclosures required pursuant to the applicable Public Records Act, the Cities, its employees, agents and Contractors shall not disclose any Confidential Customer Information (defined below) to any third party during the term of this Agreement or after its completion, without the Cities having obtained the prior written consent of SCG, except as provided by law, lawful court order or subpoena and provided the Cities gives SCG advance written notice of such order or subpoena.

18.2. Confidential Customer Information. "Confidential Customer Information" includes, but is not limited to, a SCG customer's name, address, telephone number, account number and all billing and usage information, as well as SCG customer's information that is marked "confidential". If the City is uncertain whether any information should be considered Confidential Customer Information, the City shall contact SCG prior to disclosing the customer information.

18.3. Non-Disclosure Agreement. Prior to any approved disclosure of Confidential Customer Information, SCG may require the City to enter into a nondisclosure agreement.

18.4. Commission Proceedings. This provision does not prohibit the Cities from disclosing non-confidential information concerning the Authorized Work to the Commission in any Commission proceeding, or any Commission-sanctioned meeting or proceeding or other public forum.

18.5. Return of Confidential Information. Confidential Customer Information (including all copies, backups and abstracts thereof) provided to the Cities by SCG, and any and all documents and materials containing such Confidential Customer Information or produced by the Cities based on such Confidential Customer Information (including all copies, backups and abstracts thereof), during the performance of this Agreement shall be returned upon written request by SCG.

18.6. Remedies. The Parties acknowledge that Confidential Customer Information is valuable and unique, and that damages would be an inadequate remedy for breach of this Section 18 and the obligations of the Parties are specifically enforceable. Accordingly, the Parties agree that in the event of a breach or threatened breach of this Section 18 by such City, SCG shall be entitled to seek and obtain an injunction preventing such breach, without the necessity of proving damages or posting any bond. Any such relief shall be in addition to, and not in lieu of, money damages or any other available legal or equitable remedy.

19. TIME IS OF THE ESSENCE

The Parties hereby acknowledge that time is of the essence in performing their obligations under this Agreement. Failure to comply with milestones and goals stated in this Agreement, including but not limited to those set forth in Exhibit B of this Agreement and the PIP, may constitute a material breach of this Agreement, resulting in its termination, payments being withheld, Partner Budgets being reduced or adjusted, funding redirected by SCG to other programs or partners, or other Program modifications as determined by SCG or as directed by the Commission.

20. CUSTOMER COMPLAINT RESOLUTION PROCESS

The Parties shall develop and implement a process for the management and resolution of Customer complaints in an expedited manner including, but not limited to: (a) ensuring adequate levels of professional Customer service staff; (b) direct access of Customer complaints to supervisory and/or management personnel; (c) documenting each Customer complaint upon receipt; and (d) directing any Customer complaint that is not resolved within five (5) Calendar Days of receipt by the Cities to SCG.

21. RESTRICTIONS ON MARKETING

21.1. Use of Commission's Name. No Party may use the name of the Commission on marketing materials for the Program without prior written approval from the Commission staff. In order to obtain this written approval, SCG must send a copy of the planned materials to the Commission requesting approval to use the Commission name and/or logo. Notwithstanding the foregoing, the Parties shall disclose their source of funding for the Program by stating prominently on marketing materials that the Program is "funded by California ratepayers under the auspices of the California Public Utilities Commission."

21.2. Use of SCG's Name. The Cities must receive prior review and written approval from SCG in order to use SCG's name, mark or logo on any marketing or other Program materials. The Cities shall allow five (5) Business Days for SCG's review and approval. If the Cities have not received a response from SCG within the five (5) Business Day period, then it shall be deemed that SCG has disapproved such use.

21.3. Use of the City's Name. SCG must receive prior review and written approval from the City in order to use such City's name, mark or logo on any marketing or other Program materials. SCG shall allow five (5) Business Days for the City's review and approval. If SCG has not received a response from the Cities within the five (5) Business Day period, then it shall be deemed that the Cities has disapproved such use.

22. RIGHT TO AUDIT

The Parties agrees that the other Party, and/or the Commission, or their respective designated representatives, shall have the right to review and to copy any records or supporting documentation pertaining to the their performance of this Agreement or the Authorized Work, during normal business hours, and to allow reasonable access in order to interview any staff of the Cities or SCG who might reasonably have information related to such records. Further, the Parties agrees to include a similar right of the other Party and/or the Commission to audit records and interview staff in any subcontract related to performance of the Authorized Work or this Agreement.

23. STOP WORK PROCEDURES

SCG may suspend the Authorized Work being performed in its service territory for good cause, including, without limitation, concerns relating to program funding, implementation or management of the Program, safety concerns, fraud or excessive customer complaints, by notifying the Cities in writing to suspend any Authorized Work being performed in SCG's service territory. Any performance of Authorized Work by the Cities in SCG's service territory shall stop immediately, and the Cities may resume its Authorized Work only upon receiving written notice from SCG that it may resume its Authorized Work.

24. MODIFICATIONS

Except as otherwise provided in this Agreement, changes to this Agreement shall be only be valid through a written amendment to this Agreement signed by both Parties.

25. TERM AND TERMINATION

25.1. Term. This Agreement shall be effective as of the Effective Date. Subject to Section 37, the Agreement shall continue in effect until March 31, 2013 unless otherwise terminated in accordance with the provisions of Section 25.2 or 30 below. Notwithstanding the June 30, 2013 termination date, all Direct Implementation and Marketing & Outreach activities shall be completed by no later than December 31, 2012 in accordance with Section 11 of this Agreement. In accordance with Sections 11 and 12 respectively, all reporting and invoicing shall be completed by March 31, 2013.

25.2. Termination for Breach. Any Party may terminate this Agreement in the event of a material breach by the other Party of any of the material terms or conditions of this Agreement, provided such breach is not remedied within sixty (60) days written notice to the breaching Party thereof from the non-breaching Party or otherwise resolved pursuant to the dispute resolution provisions set forth in Section 15 herein.

25.3. Effect of Termination. Any termination by all of the Cities or by SCG shall constitute a termination of this Agreement in its entirety (subject, however, to the survival provisions of Section 37).

25.3.1. Subject to the provisions of this Agreement, the Cities shall be entitled to Gas Surcharge Funds for all Program Expenditures incurred or accrued pursuant to contractual or other legal obligations for Authorized Work up to the effective date of termination of this Agreement, provided that any Monthly City Reports or other reports, invoices, documents or information required under this Agreement or by the Commission are submitted in accordance with the terms and conditions of this Agreement. The provisions of this Section 25.3.1 shall be a City's sole compensation resulting from any termination of this Agreement.

25.3.2. In the event of termination of this Agreement in its entirety, the Cities shall stop any Authorized Work in progress and take action as directed by SCG to bring the Authorized Work to an orderly conclusion, and the Parties shall work

cooperatively to facilitate the termination of operations and of any applicable contracts for Authorized Work.

26. WRITTEN NOTICES

Any written notice, demand or request required or authorized in connection with this Agreement, shall be deemed properly given if delivered in person or sent by facsimile, nationally recognized overnight courier, or first class mail, postage prepaid, to the address specified below, or to another address specified in writing by a Party as follows:

The Cities:

City of Huntington Beach
Aaron Klemm
2000 Main Street.
Huntington Beach, CA 92648
Tel: (714) 536-5537

City of Costa Mesa

Daniel Baker, Analyst
77 Fair Drive
Costa Mesa, CA 92626
Tel: (714) 754-5156

City of Fountain Valley

Matt Mogensen, Management Analyst
City Manager's Office
10200 Slater Ave.
Fountain Valley, CA 92708
Tel: 714-593-4412

City of Westminster

Soroosh Rahbari, Building Official
8200 Westminster Blvd.
Westminster, CA 92683
Tel: (714) 898-3311 ext 250

SCG:

Southern California Gas Company
Paulo Morais, Energy Programs Supervisor
555 W. Fifth Street, GT28A4
Los Angeles, CA 90013
Tel: (213) 244-3246
Fax: (213) 244-8252

Notices shall be deemed received (a) if personally or hand-delivered, upon the date of delivery to the address of the person to receive such notice if delivered before 5:00 p.m., or otherwise on the Business Day following personal delivery; (b) if mailed, three (3) Business Days after the date the notice is postmarked; (c) if by facsimile, upon electronic confirmation of transmission, followed by telephone notification of transmission by the noticing Party; or (d) if by overnight courier, on the Business Day following delivery to the overnight courier within the time limits set by that courier for next-day delivery.

27. CONTRACTS

Each Party shall, at all times, be responsible for its Authorized Work obligations, and acts and omissions of Contractors, subcontractors and persons directly or indirectly employed by such Party for services in connection with the Authorized Work. Each Party shall require its Contractors to be bound by terms and conditions which are the same or similar to those contained in this Agreement, as the same may be applicable to Contractors.

28. RELATIONSHIP OF THE PARTIES

The Parties shall act in an independent capacity and not as officers or employees or agents of each other. This Agreement is not intended to and does not form any "partnership" within the meaning of the California Uniform Partnership Act of 1994 or otherwise.

29. NON-DISCRIMINATION CLAUSE

No Party shall unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Each Party shall ensure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment, and shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a)-(f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a)-(f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

Each Party represents and warrants that it shall include the substance of the nondiscrimination and compliance provisions of this clause in all subcontracts for its Authorized Work obligations.

30. COMMISSION/UTILITY AUTHORITY TO MODIFY OR TERMINATE

This Agreement and the Program shall at all times be subject to the discretion of the Commission, including, but not limited to, review and modifications, excusing a Party's performance hereunder, or termination as the Commission may direct from time to time in the reasonable exercise of its jurisdiction. In addition, in the event that any ruling, decision or other action by the Commission adversely impacts the Program, SCG shall have the right to terminate this Agreement in accordance with the provisions of

Section 25 above by providing at least ten (10) days' prior written notice to the Cities setting forth the effective date of such termination. Notwithstanding the right to terminate, the Parties agree to share in the responsibility and to abide by Commission energy policy supporting this Program. The Parties agree to use all reasonable efforts to minimize the adverse impact to a Party resulting from such Commission actions, including but not limited to modification of the required energy savings goals set forth in Section 4.2 which are fundamental to this Agreement.

31. NON-WAIVER

None of the provisions of this Agreement shall be considered waived by either Party unless such waiver is specifically stated in writing.

32. ASSIGNMENT

No Party shall assign this Agreement or any part or interest thereof, without the prior written consent of the other Party, and any assignment without such consent shall be void and of no effect. Notwithstanding the foregoing, if SCG is requested or required by the Commission to assign its rights and/or delegate its duties hereunder, in whole or in part, such assignment or delegation shall not require the Cities' consent, and SCG shall be released from all obligations hereunder arising after the effective date of such assignment, both as principal and as surety.

33. FORCE MAJEURE

Failure of a Party to perform its obligations under this Agreement by reason of any of the following shall not constitute an event of default or breach of this Agreement: strikes, picket lines, boycott efforts, earthquakes, fires, floods, war (whether or not declared), revolution, riots, insurrections, acts of God, acts of government (including, without limitation, any agency or department of the United States of America), acts of terrorism, acts of the public enemy, scarcity or rationing of gasoline or other fuel or vital products, inability to obtain materials or labor, or other causes which are beyond the reasonable control of such Party.

34. SEVERABILITY

In the event that any of the terms, covenants or conditions of this Agreement, or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court, regulatory agency, or other regulatory body having jurisdiction, all other terms, covenants, or conditions of this Agreement and their application shall not be affected thereby, but shall remain in full force and effect, unless a court, regulatory agency, or other regulatory body holds that the provisions are not separable from all other provisions of this Agreement.

35. GOVERNING LAW; VENUE

This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California. Any action brought to enforce or interpret this Agreement shall be filed in Los Angeles County, California.

36. SECTION HEADINGS

Section headings appearing in this Agreement are for convenience only and shall not be construed as interpretations of text.

37. SURVIVAL

Notwithstanding completion or termination of this Agreement, the Parties shall continue to be bound by the provisions of this Agreement which by their nature survive such completion or termination. Such provisions shall include, but are not limited to, Sections 9, 10, 13, 14, 15, 18, 22, 35, 37 and 38 of this Agreement.

38. ATTORNEYS' FEES

Except as otherwise provided herein, in the event of any legal action or other proceeding between the Parties arising out of this Agreement or the transactions contemplated herein, each Party in such legal action or proceeding shall bear its own costs and expenses incurred therein, including reasonable attorneys' fees.

39. COOPERATION

Each Party agrees to cooperate with the other Party in whatever manner is reasonably required to facilitate the successful completion of this Agreement.

40. ENTIRE AGREEMENT

This Agreement (including all of the Exhibits and Attachments hereto which are incorporated into this Agreement by this reference) contains the entire agreement and understanding between the Parties and merges and supersedes all prior agreements, representations and discussions pertaining to the subject matter of this Agreement.

41. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument.

[INTENTIONALLY LEFT BLANK]

SIGNATURE PAGE

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

The Cities:

CITY OF COSTA MESA

Name: Allan Mansor
Title: Mayor
Date:

Name: Allan Roeder
Title: City Manager
Date:

CITY OF FOUNTAIN VALLEY



Fountain Valley
City Attorney
Legal Approval



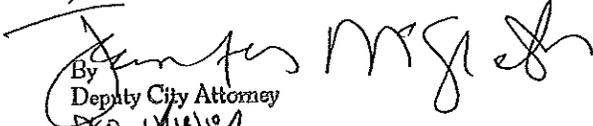
Name: Larry R. Crandall
Title: Mayor
Date:

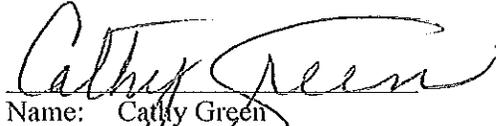


Name: Raymond H. Kromer
Title: City Manager
Date:

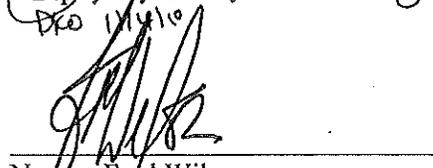
CITY OF HUNTINGTON BEACH

APPROVED AS TO FORM
JENNIFER McGRATH, City Attorney


By
Deputy City Attorney
DJO 1/24/10



Name: Cathy Green
Title: Mayor of Huntington Beach
Date: 1-25-2010

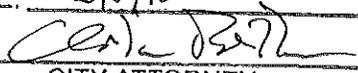


Name: Fred Wilson
Title: City Administrator
Date:

CITY OF WESTMINSTER


Name: Donald Lamm
Title: City Manager
Date:

APPROVED AS TO FORM:

DATE: 2/8/10
BY: 
CITY ATTORNEY

SCG:

SOUTHERN CALIFORNIA GAS COMPANY

By: Mark Gaines
Title: Director, Customer Programs
Date:

EXHIBIT A

PROGRAM IMPLEMENTATION PLAN

1) Program Name and Program ID number

Program Name: Orange County Cities Partnership
 Program ID Number: TBD

2) Projected Program Budget Table

Table 1¹

Program #	Main Program Name / Sub-Programs	Total Administrative Cost (Actual)	Total Marketing & Outreach (Actual)	TOTAL Direct Implementation	Integration Budget Allocated to Other Programs (if Applicable)	Total Budget By Program (Actual)
Market Sector Programs						
	Core Program #1					
	Sub-Program #1					
	Sub-Program #2					
	Etc.					
	TOTAL:					

These budget numbers are presented in Appendix C: Energy Division Tables, Graphs Pie Charts: Table 7.1 - 2009 - 2011 IOU Strategic Planning Program Budget

3) Projected Program Gross Impacts Table

Table 2

Progra	Program Name / Sub-	2009 - 2011	2009 - 2011	2009 - 2011
---------------	----------------------------	--------------------	--------------------	--------------------

¹ Definition of Table 1 Column Headings: Total Budget is the sum of all other columns presented here

Total Administrative Cost includes all Managerial and Clerical Labor, Human Resource Support and Development, Travel and Conference Fees, and General and Administrative Overhead (labor and materials).

Total Direct Implementation – includes all financial incentives used to promote participation in a program and the cost of all direct labor, installation and service labor, hardware and materials, and rebate processing and inspection used to promote participation in a program.

Total Marketing & Outreach includes all media buy costs and labor associated with marketing production.

Integrated Budget Allocated to Other Programs includes budget utilized to coordinate with other EE, DR, or DG programs.

Total Budget is the sum of all other columns presented here

Definition of Sub-Program: A "sub-program" of a program has a specific title; targets; budget; uses a unique delivery or marketing approach not used across the entire program; and for resource programs, has specific estimated savings and demand impacts.

m #	Programs	Three-Year EE Program Gross kWh Savings	Three-Year EE Program Gross kW Savings	Three-Year EE Program Gross Therm Savings
	Market Sector Programs			
	Core Program #1			
	Sub-Program #1			
	Sub-Program #2			
	Etc.			
	TOTAL:			

These budget numbers are presented in Appendix C: Energy Division Tables, Graphs Pie Charts: Table 7.1 - 2009 - 2011 IOU Strategic Planning Program Budget

4) Program Element Description and Implementation Plan

a) List of program elements:

Program elements are described below.

b) Overview:

Core Program Element A - Government Facilities

A.1. Retrofit of county and municipal facilities

The four cities in the Orange County Partnership are developing detailed lists of facilities that will be retrofitted during the three-year program. Many of these facilities and their respective energy savings have been identified and quantified. Other buildings have been audited by the CEC, and the Partnership is awaiting the CEC's reports.

Municipal facilities energy efficiency is a big component of Huntington Beach's local government partnership. It will consist of numerous projects in 2 phases. Phase 1 consists of Monitoring Based Commissioning of the 2 largest municipal facilities in the City and IT energy saving retrofits such as server virtualization, network energy management software and HVAC retrofits of server rooms. Phase 2 energy projects will consist of lighting system redesign & retrofits, HVAC retrofits, Pumping retrofits, boiler retrofits, domestic hot water, and building envelope improvements.

A.2. Retro-commissioning (of buildings and clusters of buildings)

The cities are including this means of achieving significant energy savings in their plans. See A.1 above.

A.3. Integrating Demand Response into the audits

SCG will help promote participation in demand response programs. Each city plans to increase its participation in demand response accordingly. Integrated EE/DR audits will be conducted in eligible facilities.

A.4. Technical Assistance for project management, training, audits, etc. -

Each partnership has a specific budget for each of these activities.

A.5) .On-Bill Financing

Each city in the partnership has indicated a keen interest in using On-bill financing (OBF). The extent of participation in OBF will be limited only by the according to OBF guidelines approved by the CPUC.

Core Program Element B - Strategic Plan Support

B.1 Code Compliance Support

The Partnership will support the individual cities as they examine ways to increase compliance with existing codes. Each partner is aware that this is an area where increased enforcement can result in substantial energy savings and greenhouse gas emissions. The partnership will provide training, technical assistance and additional support from SCE's, and SCG's Codes and Standards program to help build capacity in local government to address code compliance issues.

B.2). Reach Code

The cities in this Partnership are also interested in establishing meaningful reach codes as part of its effort secure long term energy savings and greenhouse gas emissions in support of the CLTEESP. The Partners will consider what other cities have done and will benefit from process, templates and other best practices. See Table 6 for more details.

B.3). Guiding Document(s) Support

At least one of the cities offers information at the city's building permit office on best practices and energy efficiency opportunities through the utility's programs. Significant enhancements to this practice are planned for the 2009 – 2011 program cycle. The Partnership intends to make available training, documents and templates to help cities develop their climate and energy action plans, especially as it relates to utility energy elements .

B.5) Financing for the community

The Partners are aware of the opportunities for financing provided by AB 811 and will be examining its possibilities. The Partnership will provide AB811 presentation and technical assistance through the Peer-to-peer support network.

B.5) Peer to Peer Support

IOUs intend to develop an effective means by which each city participating in partnerships, past and present, can readily share information with others. Conference calls including all Partnerships as well as conferences will be conducted on a routine basis.

Core Program Element C - Core Program Coordination

C.1) . Outreach and Education

The partnership has a portion of its budget specifically allocated to outreach and education to demonstrate local government leadership and to provide the community with opportunities to provide energy actions and reduce the community's environmental footprint. ME&O activities will consist of staff training, Huntington Beach Green Corp citizen & Environmental Board training, SCE's Mobile Education Unit at the Annual Green Expo, Stipends for HB Green Corp home and business energy & green audits & onsite retrofits, Support for Huntington Beach's annual environmental awards, publishing of Huntington Beach's case studies and strategic sustainability and energy plans and potentially implementing an AB 811 financing mechanism for citizens of Huntington Beach.

C.2) Residential and Small Business Direct Install

There are no activities planned for direct install in homes and business at this time. However, outreach will be done in the communication to create awareness of energy services and programs as mentioned in C.1.

C.3.) Third-party program coordination

The Partnership will execute community events appropriate for a third party contractor to execute, such as light exchange events.

C.4) Retrofits for just-above LIEE qualified customers

Only coordination activities contemplated.

C.5 Technical Assistance for program management, training, audits, etc.

a specific portion of the partnership budget is allocated specifically for this activity. See Table 6 for more details.

c) Non-Incentive Services:

- Train Huntington Beach Green Corps of citizen volunteers to provide energy efficiency audits for residential, small commercial and low-income citizens of Huntington Beach, provide stipends to offset background checks and expenses.
- Study & consider voluntary “reach” green codes, similar to the HB Goes Green Residential Scorecard that is currently in a pilot project mode.
- Support for the annual Environmental Award
- Publishing case studies and sustainability and energy/climate plans with support from available programs and funding sources.
- Strategic plan support. The city of Costa Mesa would like to extend its existing green building permit waiver program.

d) Target audience

- All Municipal Facilities: City Halls, Civic Center, Police Departments, Libraries, Social Services, Community Centers, Sports Fields, Medical Facilities, Parks, and water infrastructure.
- Additionally, citizens and businesses and city staff are the target audience for partner cities.

e) Implementation

The program will be cost-effectively implemented with customized incentives for the retro-commissioning and retrofitting of partner cities’ municipal facilities based on SCG enhanced incentives for LGPs.

5) Program Element Rationale and Expected Outcome

a) Quantitative Baseline and Market Transformation Information

Table 3

	Baseline Metric		
	Metric A	Metric B	Metric C
Program/Element			

Refer to the overarching PIP section

b) Market Transformation Information

Table 4

Program/Element	Market Transformation Planning Estimates		
	2009	2010	2011
Metric A			
Metric B			
Metric C			
Etc.			

Refer to the overarching PIP section

c) Program Design to Overcome Barriers

In this Partnership, the barriers and strategies to overcome them are the traditional resource barriers of expertise and funding as outlined in the Master PIP.

d) Quantitative Program Objectives:

Table 5

Target	Program Element	Program Target by 2009	Program Target by 2010	Program Target by 2011
1	Natural Gas Savings (Gross Therm)	40,000	80,000	120,000
2	Number of Workshops	TBD	TBD	TBD
3	Number of Ordinances, Codes, etc.	TBD	TBD	TBD
4	# of ME&O Events conducted that target Residential customers	TBD	TBD	TBD

6) Other Program Element Attributes

a) Best Practices

Same as outlined in the Master PIP.

b) Innovation

Demonstrate environmental stewardship and community leadership in support of the CLTEESP by developing a municipal sustainability dashboard to simplify sustainability reporting including energy efficiency and renewable energy.

c) Interagency Coordination

Huntington Beach is a PIER program partner and is planning on installing Bi-level area lights and Enforma diagnostic software. Huntington Beach has a materials recovery facility in its jurisdiction, and will be partnering to develop a RESCO grant proposal for the CEC utilizing indigenous renewable energy resources in Huntington Beach. The partnership will provide technical assistance and other support through the Codes and Standards program and its relationship with PIER as well as facilitate support from other programs and organizations through its network of consultants, engaged for this purpose.

d) Integrated/coordinated Demand Side Management:

Orange County cities will pursue necessary & cost-effective DSM as identified in the SCE's Energy Leader Master PIP and have identified at least 5 accounts that are eligible for participation in Demand Response programs. The partnerships will facilitate the provision of technical support for renewable energy-related activities being planned by the City of Huntington Beach and other cities wishing to pursue similar opportunities. Huntington Beach will apply for a RESCO grant from the CEC and Federal government to utilize indigenous renewable energies. .

e) Integration across resource types (energy, water, air quality, etc)
Part of the Phase 2 energy projects identified earlier will include smart irrigation controllers for the irrigation accounts that use significant amounts of water. .

f) Pilots
PIER program Bi-level LED area lighting and Enforma diagnostic software in the City of Huntington Beach is currently

- New city buildings, Chamber of Commerce and Police Building, will be LEED Certified in Costa Mesa.

g) EM&V
The utilities are proposing to work with the Energy Division to develop and submit a comprehensive EM&V Plan for 2009-2011 after the program implementation plans are filed. This will include process evaluations and other program-specific studies within the context of broader utility and Energy Division studies. More detailed plans for process evaluation and other program-specific evaluation efforts cannot be developed until after the final program design is approved by the CPUC and in many cases after program implementation has begun, since plans need to be based on identified program design and implementation issues

7) Partnership Program Advancement of Strategic Plan Goals and Objectives

Table 6

1-1: Develop, adopt and implement model building energy codes (and/or other green codes) more stringent than Title 24's requirements, on both a mandatory and voluntary basis; adopt one or two additional tiers of increasing stringency.	
1-2: Establish expedited permitting and entitlement approval processes, fee structures and other incentives for green buildings and other above-code developments.	Costa Mesa will consider expedited permitting based upon reduced valuation in 2009.
1-3: Develop, adopt and implement model point-of-sale and other point-of transactions relying on building ratings.	
1-4: Create assessment districts or other mechanisms so property owners can fund EE through city bonds and pay off on property taxes; develop other EE financing tools.	Huntington Beach will investigate the adoption of an AB 811 financing mechanism for its jurisdiction
1-5: Develop broad education program and peer-to-peer support to local govt's to adopt and implement model reach codes	.

1-6: Link emission reductions from "reach" codes and programs to ARB's AB 32 program	
2-2: Dramatically improve compliance with and enforcement of Title 24 building code, and of HVAC permitting and inspection requirements (including focus on peak load reductions in inland areas).	
2-3: Local inspectors and contractors hired by local governments shall meet the requirements of the energy component of their professional licensing (as such energy components are adopted).	Huntington Beach already has two energy service companies pre-qualified and they are energy literate and conscious firms. Additionally, Costa Mesa has a service agreement with a certified energy company that is also energy literate
3-1: Adopt specific goals for efficiency of local government buildings, including:	Huntington Beach will be publishing an environmentally preferred purchasing policy and publishing energy/climate plans as part of the 2009-2011 Partnership with SCE. Additionally, Costa Mesa is also interested in publishing an energy action plan in partnership.
3-2: Require commissioning for new buildings, and re-commissioning and retro-commissioning of existing buildings.	Phase 1 energy projects are retro-commissioning the two largest municipal facilities with significant near term energy savings. The City of Costa Mesa has a high interest in retro-commissioning all its current municipal facilities to maximize both energy savings and performance.
3-4: Explore creation of line item in LG budgets or other options that allow EE cost savings to be returned to the department and/or projects that provided the savings to fund additional efficiency.	Huntington Beach has devoted a portion of its annual capital improvement plan to energy efficiency and the savings accrue to the general fund. However, part of the energy/climate action plan will track the fiscal impacts (savings) created by the plan.
3-5: Develop innovation Incubator that competitively selects initiatives for inclusion in LG pilot projects.	
4-1: LGs commit to clean energy/climate change leadership.	Both the City of Costa Mesa and Huntington Beach have located appropriate sites for large scale solar installations and both cities are exploring current funding mechanisms. Huntington Beach is also applying for grants to study ocean & urban wind power and will meet 2020 AB 32 goals before 2015. HB has signed the US Mayors Climate Protection Agreement. http://www.usmayors.org/climateprotection/
4-2: Use local governments' general plan energy and other elements to promote energy efficiency, sustainability and climate change.	Huntington Beach has deferred investment in general plan updates to include energy/climate concerns
4-4: Develop local projects that integrate EE/DSM/water/wastewater end use	Phase 2 energy projects will include water efficiency projects, including aerators and ET irrigation controllers. Additionally, as wastewater, stormwater and potable water

	capital projects are pursued this partnership with SCE, and SCG will ensure that they are as energy efficient as possible.
4-5: Develop EE-related “carrots” and “sticks” using local zoning and development authority	Huntington Beach is studying zoning and development authority changes to comply with AB32/SB375. Specifically we are updating the Beach/Edinger Corridor plans and the Downtown Specific plan to create accessible and walkable neighborhoods that enhance Huntington Beach.

EXHIBIT B

**2010-12 ORANGE COUNTY CITIES PARTNERSHIP PROGRAM
GOALS AND BUDGET**

2010-2012 Energy Savings (Gross Therm)				
	2010	2011	2012	3-year Total
SCG	40,000 Therm	40,000 Therm	40,000 Therm	120,000 Therm

Other non-resource goals are contained in the SCG PIP in Exhibit A.

2010-12 Orange County Cities Partnership Budget

Orange County Cities Partnership Total Non-Incentive Budget		\$402,465
SCG Incentive From SCG Core Programs ⁽¹⁾		\$120,000
SCG Authorized Budget		
SCG Administrative Other	\$105,083	
SCG Administrative Overhead	\$44,927	
Total Utility Authorized Budget	\$150,010	
Orange County Cities Authorized Budget	\$252,455	
2010-12 Total Non-incentive Program Budget	\$402,465	

Projected Allocations for Orange County Cities Authorized Budget: \$252,455

	2010	2011	2012
Administration			
Strategic Plan Support	\$12,000	\$12,000	\$12,000
Marketing & Outreach	\$12,150	\$12,155	\$12,150
Direct Implementation	\$60,000	\$60,000	\$60,000
Incentive ⁽¹⁾	40,000	\$40,000	\$40,000

(1) Incentive is a part of SCG Core Program's Incentive Budget. The incentive level is \$1.00 per therm for calculated measures. Incentives for deemed measures are in accordance with the incentive levels for the applicable SCG Core Programs.

EXHIBIT C

EM&V PLAN

[TO BE ATTACHED WHEN ISSUED BY THE COMMISSION]

EXHIBIT D

REPORTING REQUIREMENTS

1. Reporting

1.1 Cities shall provide SCG with the requisite information, in accordance with the Agreement, on the prior month's activities, accomplishments and expenditures related to its respective Authorized Work or Approved Project obligations, for purposes of preparing the Monthly, Quarterly and Annual Reports.

1.2 SCG shall provide Cities in accordance with the provisions of the Agreement, a copy of its filed Monthly Report within five (5) Business Days after filing.

2. Quarterly Report

2.1 Portfolio Benefit/Cost Metrics (Cumulative to Date)

- a. Total cost to billpayers (TRC, administrative cost and incremental cost per the Standard Practice Manual)
- b. Total savings to billpayers (TRC)
- c. Net benefits to billpayers (TRC)
- d. TRC Ratio
- e. PAC Ratio
- f. Cost per kWh saved (cents/kWh) (PAC)
- g. Cost per therm savings (\$/therm) (PAC)

2.2 **Measure List** –A spreadsheet table for each program or program element² containing each measure installed, service rendered, or measure/service committed during the report month for which the Program intends to claim savings. Cities should include any new measures as part of the quarterly report. The list should display each measure as it is tracked and recorded by Cities, and should include the following parameters at a minimum:

- a. Name of Measure or Service Rendered
- b. Measure or Service Description
- c. Customer name and applicable SCG account number
- d. Installation site address
- e. Affected square footage
- f. Applicable NAICS code
- g. DEER Measure ID (where applicable)
- h. DEER Run ID (where applicable)
- i. Unit Definition
- j. Unit gross kWh savings
- k. Unit gross Therms savings
- l. Unit gross kW demand reduction
- m. Incremental Measure Cost
- n. Net to Gross Ratio
- o. Effective Useful Life

² Identification of distinct programs and program elements may be determined by CPUC staff at a later time.

- p. Detailed end use classification (using classification scheme in section 6)
- q. Quantity Installed during report period
- r. Quantity Committed during report period
- s. Rebate amount paid
- t. Market Sector classification (using classification scheme in section 6)
- u. Market Segment classification (using classification scheme in section 6)

2.3 Expenditures for the program per cost reporting format below (Section 7 below contains list of allowable costs)

- h. Commission Authorized Budget
- i. Operating Budget
- j. Total Expenditures
 - i. Administrative Cost
 - ii. Marketing/Advertising/Outreach Costs
 - iii. Direct Implementation

2.4 GBI Report – Progress towards achieving goals of the Green Building Initiative, if applicable (Cumulative results)

- a. Estimate of expenditures on program activities that contribute towards GBI goals (including both public and non-public commercial participants)
- b. Net cumulative achieved kW, kWh and Therm savings contributing towards GBI goals.
- c. Net achieved kW, kWh and Therm savings contributing towards GBI goals for the quarter.
- d. A description of non-resource program activities that support the Green Building Initiative, including marketing and outreach activities.
- e. Estimate of square footage affected by program activities supporting the Green Building Initiative
- f. Items b, c and e above disaggregated by:
 - i. 2-digit NAICS code
 - ii. Aggregated end use classification (using classification scheme in section 5)

2.5 Program Narratives – For the program, a description of the program activities occurring during the quarter.

- k. Administrative activities
- l. Marketing activities
- m. Direct Implementation activities
- n. Implementer's assessment of program performance and program status (is the program on target, exceeding expectations, or falling short of expectations, etc.)
- o. For non-resource programs and program elements (programs or program elements that are not claiming direct energy impacts), a discussion of the status of program achievements.
- p. Discussion of changes in program emphasis (new program elements, less or more emphasis on a particular delivery strategy, program elements discontinued, measure discontinued, etc.)
- q. Discussion of near term plans for program over the coming months (e.g., marketing and outreach efforts that are expected to significantly increase program participation, etc.)
- r. Changes to staffing and staff responsibilities, if any
- s. Changes to contacts, if any
- t. Changes to subcontractors and subcontractor responsibilities, if any

- u. Number of customer complaints received
- v. Program Theory and Logic Model if not already provided in the program's implementation plan, or if revisions have been made.

2.6 Quarterly Reports – SCG shall provide CITIES a copy of its filed Quarterly Report within five (5) Business Days after filing with the Commission in accordance with the Agreement.

3. Annual Reports

The format and content of the annual report is expected to be developed by the CPUC in 2010. CITIES will be required to fulfill these reporting obligations for their program.

4. Reporting Terminology Definitions

Adopted Program Budget – The program budget as it is adopted by the Commission. Inclusive of costs (+/-) recovered from other sources.

Operating Program Budget – The program budget as it is defined by the program administrators for internal program budgeting and management purposes. Inclusive of costs (+/-) recovered from other sources.

Direct Implementation Expenditures – Costs associated with activities that are a direct interface with the customer or program participant or recipient (e.g., contractor receiving training). *(Note: This is still an open issue, the items included in this definition may be changed by the CPUC pending discussion on the application of the State's Standard Practice Manual.)*

Report Month – The month for which a particular monthly report is providing data and information. For example, the report month for a report covering the month of July 2010, but prepared and delivered later than July 2010, would be July 2010.

Program Strategy – The method deployed by a program in order to obtain program participation.

Program Element – A subsection of a program, or body of program activities within which a single program strategy is employed. (Example: A body of program activities employing both an upstream rebate approach and a direct install approach is not a single program element.)

5. Measure Classification

Measure End-Use Classification

Each energy efficiency measure reported should be classified into one of the following end-use categories

Residential End Uses

Detailed End Use

- Clothes Dryer
- Clothes Washer
- Consumer Electronics
- Cooking
- Dishwasher
- Other Appliance

Aggregated End Use

- Appliances
- Appliances
- Consumer Electronics
- Cooking Appliances
- Appliances
- Appliances

Building Shell	HVAC
Space Cooling	HVAC
Space Heating	HVAC
Interior Lighting	Lighting
Exterior Lighting	Lighting
Pool Pump	Pool Pump
Freezers	Refrigeration
Refrigeration	Refrigeration
Water Heating	Water Heating
Other (User Entered Text String Description)	Other

Nonresidential End Uses

Detailed End Use

Building Shell
Space Cooling
Space Heating
Ventilation
Daylighting
Interior Lighting
Exterior Lighting
Office Equipment
Compressed Air
Cooking
Food Processing
Motors
Process Cooling
Process Heat
Process Steam
Pumps
Refrigeration
Other (User Entered Text String Description)

Aggregated End Use

HVAC
HVAC
HVAC
HVAC
Lighting
Lighting
Lighting
Office
Process
Process
Process
Process
Process
Process
Process
Refrigeration
Other

Measure Market Sector/Market Segment Classification

Where reports require market sector or market segment classification, the following classification scheme should be used.

<i>Market Sector</i>	<i>Market Segment</i>
Residential	NA
Single Family	NA
Multi Family	NA
Mobile Homes	NA
Nonresidential	NAICS CODE (greater than 2 digit not required)
Commercial	NAICS CODE (greater than 2 digit not required)
Industrial	NAICS CODE (greater than 2 digit not required)
Agricultural	NAICS CODE (greater than 2 digit not required)
Unknown	NA

6. Allowable Costs

Allowable Costs Table	
<p>The cost items listed on the Allowable Costs sheet are the only costs that can be claimed for ratepayer-funded energy efficiency work. The costs reported should be only for costs actually expended. Any financial commitments are to be categorized as commitments. If the reporting entity does not have a cost as listed on the cost reporting sheet, then no cost is to be reported for that item. These Allowable Cost elements are to be used whenever costs are invoiced or reported to the program administrator. If there is a desire to include additional Allowable Cost elements, the program administrator should be contacted in order for the administrator to seek approval from the CPUC.</p>	
	3/30/2006
Cost Categories	Allowable Costs
Administrative Cost Category	Managerial and Clerical Labor
	IOU Labor - Clerical
	IOU Labor - Program Design
	IOU Labor - Program Development
	IOU Labor - Program Planning
	IOU Labor - Program/Project Management
	IOU Labor - Staff Management
	IOU Labor - Staff Supervision
	Subcontractor Labor - Clerical
	Subcontractor Labor - Program Design
	Subcontractor Labor - Program Development
	Subcontractor Labor - Program Planning
	Subcontractor Labor - Program/Project Management
	Subcontractor Labor - Staff Management
	Subcontractor Labor - Staff Supervision
	Human Resource Support and Development
	IOU Labor - Human Resources
	IOU Labor - Staff Development and Training
	IOU Benefits - Administrative Labor
	IOU Benefits - Direct Implementation Labor
	IOU Benefits - Marketing/Advertising/Outreach Labor
	IOU Payroll Tax - Administrative Labor
	IOU Payroll Tax - Administrative Labor
	IOU Payroll Tax - Administrative Labor
	IOU Pension - Administrative Labor
	IOU Pension - Direct Implementation Labor
	IOU Pension - Marketing/Advertising/Outreach Labor
	Subcontractor Labor- Human Resources
	Subcontractor Labor - Staff Development and Training
	Subcontractor Benefits - Administrative Labor
	Subcontractor Benefits - Direct Implementation Labor
	Subcontractor Benefits - Marketing/Advertising/Outreach Labor
	Subcontractor Payroll Tax - Administrative Labor
	Subcontractor Payroll Tax - Direct Implementation Labor
	Subcontractor Payroll Tax - Marketing/Advertising/Outreach Labor
	Subcontractor Pension - Administrative Labor

Allowable Costs Table

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Cost Categories	Allowable Costs 3/30/2006
	Subcontractor Pension - Direct Implementation Labor
	Subcontractor Pension - Marketing/Advertising/Outreach Labor
	Travel and Conference Fees
	IOU Conference Fees
	IOU Labor - Conference Attendance
	IOU Travel - Airfare
	IOU Travel - Lodging
	IOU Travel - Meals
	IOU Travel - Mileage
	IOU Travel - Parking
	IOU Travel - Per Diem for Misc. Expenses
	Subcontractor - Conference Fees
	Subcontractor Labor - Conference Attendance
	Subcontractor - Travel - Airfare
	Subcontractor - Travel - Lodging
	Subcontractor - Travel - Meals
	Subcontractor - Travel - Mileage
	Subcontractor - Travel - Parking
	Subcontractor - Travel - Per Diem for Misc. Expenses
	Overhead (General and Administrative) - Labor and Materials
	IOU Equipment Communications
	IOU Equipment Computing
	IOU Equipment Document Reproduction
	IOU Equipment General Office
	IOU Equipment Transportation
	IOU Food Service
	IOU Office Supplies
	IOU Postage
	IOU Labor - Accounting Support
	IOU Labor - Accounts Payable
	IOU Labor - Accounts Receivable
	IOU Labor - Administrative
	IOU Labor - Facilities Maintenance
	IOU Labor - Materials Management
	IOU Labor - Procurement
	IOU Labor - Shop Services
	IOU Labor - Transportation Services
	IOU Labor - Automated Systems
	IOU Labor - Communications

Allowable Costs Table

The cost items listed on the Allowable Costs sheet are the only costs that can be claimed for ratepayer-funded energy efficiency work. The costs reported should be only for costs actually expended. Any financial commitments are to be categorized as commitments. If the reporting entity does not have a cost as listed on the cost reporting sheet, then no cost is to be reported for that item. These Allowable Cost elements are to be used whenever costs are invoiced or reported to the program administrator. If there is a desire to include additional Allowable Cost elements, the program administrator should be contacted in order for the administrator to seek approval from the CPUC.

Cost Categories	Allowable Costs 3/30/2006
	IOU Labor - Information Technology
	IOU Labor - Telecommunications
	Subcontractor Equipment Communications
	Subcontractor Equipment Computing
	Subcontractor Equipment Document Reproduction
	Subcontractor Equipment General Office
	Subcontractor Equipment Transportation
	Subcontractor Food Service
	Subcontractor Office Supplies
	Subcontractor Postage
	Subcontractor Labor - Accounting Support
	Subcontractor Labor - Accounts Payable
	Subcontractor Labor - Accounts Receivable
	Subcontractor Labor - Facilities Maintenance
	Subcontractor Labor - Materials Management
	Subcontractor Labor - Procurement
	Subcontractor Labor - Shop Services
	Subcontractor Labor - Administrative
	Subcontractor Labor - Transportation Services
	Subcontractor Labor - Automated Systems
	Subcontractor Labor - Communications
	Subcontractor Labor - Information Technology
Subcontractor Labor - Telecommunications	
Marketing/Advertising/Outreach Cost Category	
	IOU - Advertisements / Media Promotions
	IOU - Bill Inserts
	IOU - Brochures
	IOU - Door Hangers
	IOU - Print Advertisements
	IOU - Radio Spots
	IOU - Television Spots
	IOU - Website Development
	IOU Labor - Marketing
	IOU Labor - Media Production
	IOU Labor - Business Outreach
	IOU Labor - Customer Outreach
	IOU Labor - Customer Relations
	Subcontractor - Bill Inserts
	Subcontractor - Brochures

Allowable Costs Table

The cost items listed on the Allowable Costs sheet are the only costs that can be claimed for ratepayer-funded energy efficiency work. The costs reported should be only for costs actually expended. Any financial commitments are to be categorized as commitments. If the reporting entity does not have a cost as listed on the cost reporting sheet, then no cost is to be reported for that item. These Allowable Cost elements are to be used whenever costs are invoiced or reported to the program administrator. If there is a desire to include additional Allowable Cost elements, the program administrator should be contacted in order for the administrator to seek approval from the CPUC.

Cost Categories	Allowable Costs 3/30/2006
	Subcontractor - Door Hangers
	Subcontractor - Print Advertisements
	Subcontractor - Radio Spots
	Subcontractor - Television Spots
	Subcontractor - Website Development
	Subcontractor Labor - Marketing
	Subcontractor Labor - Media Production
	Subcontractor Labor - Business Outreach
	Subcontractor Labor - Customer Outreach
	Subcontractor Labor - Customer Relations
Direct Implementation Cost Category	
	Financial Incentives to Customers
	Activity - Direct Labor
	IOU Labor - Curriculum Development
	IOU Labor - Customer Education and Training
	IOU Labor - Customer Equipment Testing and Diagnostics
	IOU Labor - Facilities Audits
	Subcontractor Labor - Facilities Audits
	Subcontractor Labor - Curriculum Development
	Subcontractor Labor - Customer Education and Training
	Subcontractor Labor - Customer Equipment Testing and Diagnostics
	Installation and Service - Labor
	IOU Labor - Customer Equipment Repair and Servicing
	IOU Labor - Measure Installation
	Subcontractor Labor - Customer Equipment Repair and Servicing
	Subcontractor Labor - Customer Equipment Repair and Servicing
	Direct Implementation Hardware and Materials
	IOU Audit Applications and Forms
	IOU Direct Implementation Literature
	IOU Education Materials
	IOU Energy Measurement Tools
	IOU Installation Hardware
	Subcontractor - Direct Implementation Literature
	Subcontractor - Education Materials
	Subcontractor - Energy Measurement Tools
	Subcontractor - Installation Hardware
	Subcontractor - Audit Applications and Forms
	Rebate Processing and Inspection - Labor and Materials
	IOU Labor - Field Verification

Allowable Costs Table

The cost items listed on the Allowable Costs sheet are the only costs that can be claimed for ratepayer-funded energy efficiency work. The costs reported should be only for costs actually expended. Any financial commitments are to be categorized as commitments. If the reporting entity does not have a cost as listed on the cost reporting sheet, then no cost is to be reported for that item. These Allowable Cost elements are to be used whenever costs are invoiced or reported to the program administrator. If there is a desire to include additional Allowable Cost elements, the program administrator should be contacted in order for the administrator to seek approval from the CPUC.

Cost Categories	Allowable Costs
	IOU Labor - Site Inspections
	IOU Labor - Rebate Processing
	IOU Rebate Applications
	Subcontractor Labor - Field Verification
	Subcontractor Labor - Rebate Processing
	Subcontractor - Rebate Applications

3/30/2006