

Attachment A

Agreement to Deliver the 2012 County of Santa Barbara ARRA Financing Program between
County and Southern California Gas Company

AGREEMENT TO DELIVER THE 2012 COUNTY OF SANTA BARBARA AMERICAN
RECOVERY AND REINVESTMENT ACT (ARRA) FINANCING PROGRAM

BETWEEN

COUNTY OF SANTA BARBARA

AND

SOUTHERN CALIFORNIA GAS COMPANY

Dated: _____, 2012

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 DELIVER THE 2012 COUNTY OF SANTA BARBARA ARRA FINANCING PROGRAM (the "Agreement") by and between THE COUNTY OF SANTA BARBARA (the "County" or "Program Participant") and SOUTHERN CALIFORNIA GAS COMPANY ("SCG" or "Utility"), is effective as of August 1, 2012 ("Effective Date"). The Utility and the Program Participant may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on May 10, 2012, the California Public Utilities Commission (the "Commission") issued its Decision Providing Guidance On 2013-2014 Energy Efficiency Portfolios And 2012 Marketing, Education, And Outreach, which included the "continuation of successful financing programs that were originally supported by American Recovery and Reinvestment Act ("ARRA") stimulus funding in 2011 and 2012 and implemented by third parties, local governments, and/or via the California Energy Commission;"

WHEREAS, the Commission stated that the Utility should choose for continued funding in 2012, as well as in 2013-2014, those programs that best exemplify the following criteria:

- Potential for scalability to larger target markets.
- Ability to leverage ratepayer funds (e.g., with reasonable budgets for outreach to prospective borrowers or for modest levels of credit enhancement) with private loan capital.
- Ability to test unique and/or new program design and delivery options (i.e., effects of requiring bill neutrality, offering longer loan terms, assessing tradeoffs between rebates and financing, etc.)
- Ability to serve previously-unserved or under-served markets (such as multifamily residential, for example).
- Ability to offer low interest rates to consumers, including loan programs that make use of "flexible capital" (from foundations, small business sources, etc.)
- Effective utilization of total combined ratepayer funding support from all sources – utility programs, local or state government partnerships, third-party programs, and financing (in other words, in the vernacular: "best bang for the buck").

Utility has the following additional criteria and may add others in the future:

1. Level of administrative costs (target <10%).
2. Coordinate with and enhance utility "Whole House" program to drive customer participation.
3. Demonstrated ability to serve eligible utility customers.
4. Programs can be implemented by the end of 2012 (funds will be fully expended/committed).

WHEREAS, Program Participant has requested funding to continue the emPowerSBC financing program ("Program");

WHEREAS, on October 1, 2009, the Commission in D.09-09-047 authorized certain energy efficiency programs and budgets which include the Marketing, Education and Outreach funds to support programs to be delivered to California utility customers for the years 2010 through 2012, which are the source of the funds to be used for this Program;

WHEREAS the Program Participant has expressed a commitment, and is qualified, to deliver the Program;

WHEREAS, the Program is designed to encompass the geographic boundary of County of Santa Barbara; and

WHEREAS, the Program Participant has passed, approved and adopted a motion supporting and authorizing execution of this Agreement.

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 by Participating Utilities of the County's administration of the Program.

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

1.5. 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.

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

1.7. Customers or Eligible Customers: Customers eligible for 2010-2012 Program services, which are SCG and Southern California Edison Company ("SCE") or Pacific Gas and Electric Company ("PG&E") customers located within the geographic jurisdiction of a Program Participant.

1.8. 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.

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

1.10. 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.

1.11. Participating Utilities: Southern California Gas Company, Southern California Edison Company, and Pacific Gas and Electric Company.

1.12. Program Expenditures: Actual (i.e., no mark-up for profit), reasonable expenditures of the Program Participant that are pre-approved, directly identifiable to and required for any work in accordance with Exhibit A.

1.13. Program Funding: The funding provided by Utility to County in support of the Program.

1.14. Public Goods Charge (PGC): The funds collected from electric utility ratepayers pursuant to Section 381 of the California Public Utilities Code for public purposes programs, including energy efficiency programs approved by the Commission.

2. PURPOSE

The Program is funded by California utility ratepayers and is administered by the Utility under the auspices of the Commission. The purpose of this Agreement is to set forth the terms and conditions under which the Utility will provide funding for the Program. The funding authorized pursuant to this Agreement is not to be used to generate revenue for County.

3. PROGRAM DESCRIPTION - The emPowerSBC program is County's comprehensive energy efficiency financing program, dedicated to upgrading the resource efficiency of existing buildings and enabling a lasting, local high performance building market. In its current form, emPowerSBC is a voluntary and affordable way to upgrade the energy efficiency and comfort of existing single-family homes. By streamlining the process of attaining low-cost unsecured loans, qualified contractors, and utility rebates, emPowerSBC helps homeowners overcome the high upfront cost and confusion associated with making home energy upgrades. The result is a reduction in energy use, less expensive utility bills, enhanced properties and homeowners who are more comfortable year-round.

4. LIMITATION ON SERVICE TERRITORY – The Parties agree that Program Funding shall only be for projects in Participating Utilities' service territory, with energy savings and demand reduction claims applicable solely to Participating Utilities' utility system. No Program Funding shall be given for any projects that do not directly receive electricity service from SCE or PG&E or gas service from SCG or PG&E. Nothing in this Section 4 is intended to preclude Program coordination with other municipal utilities.

5. OBLIGATIONS OF THE PARTIES

5.1. Obligations of the Program Participant.

5.1.1. Program Participant shall appoint a Program representative who will be the primary contact between the Utility and the Program Participant, and who will be authorized to act on behalf of the Program Participant in carrying out its obligations under this Agreement. Such appointment shall be communicated in

writing to the Utility within 10 Business Days following execution of this Agreement.

- 5.1.2. The Program Participant shall communicate regularly with the Utility Energy Efficiency Representative (defined below), and shall advise the Utility immediately of any problems or delays associated with its Program.
- 5.1.3. The Program Participant shall prepare all Program-related documents, including all required reporting pursuant to Section 7, and any such other reporting as may be reasonably requested by the Utility.
- 5.1.4. Program Participant shall obtain the approval of the Utility 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 the Utility, at a minimum, the following language: *"This Program is funded by California utility ratepayers and administered by Pacific Gas and Electric Company, Southern California Edison and Southern California Gas Company under the auspices of the California Public Utilities Commission."* Program Participant shall allow five (5) business days for such Utility review and approval.
- 5.1.5. The Program Participant shall obtain the approval of the Utility 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 19.

5.2. Obligations of the Utility.

- 5.2.1. Utility will appoint a Program representative ("Energy Efficiency Representative") who will be the primary contact for Utility, and who will be authorized to act on behalf of Utility in carrying out Utility's obligations under this Agreement. Such appointment shall be communicated in writing to the Program Participant within 10 Business Days following execution of this Agreement.
- 5.2.2. Utility shall administer each Participating Utility's PGC funds or Gas Surcharge funds authorized by the Commission for the Program in accordance with this Agreement.

6. ADMINISTRATION OF PROGRAM

6.1. Decision-making and Approval.

- 6.1.1. Except as specifically provided in this Agreement, any action that materially impacts the agreed-upon schedule for implementing the Program requires consent of both Parties.

6.1.2. Unless otherwise specified in this Agreement, the Parties shall document all material Program decisions, including, without limitation, all actions specified in Section 6.1.1 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.

6.2. Lead Utility. SCG is acting on behalf of the Participating Utilities. The Participating Utilities hereby authorize and appoint SCG to be the primary administrator of the Program ("Lead Utility"). The Lead Utility shall be responsible for:

6.2.1. Monitoring the Program, to ensure that the Program meets all reporting and other filing requirements;

6.2.2. Coordinating the preparation of all Program-related documents, including all required reporting pursuant to Section 7 and any such other reporting duties as may be required;

6.2.3. As applicable, coordinating with other existing or selected programs that the Participating Utilities offer, including programs targeting low-income customers, 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;

6.3. Non-Responsibility for Other Party. Notwithstanding anything contained in this Agreement to 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.

7. **REPORTING** - The Parties shall implement those reporting requirements set forth in Exhibit B 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 B in their entirety.

8. PAYMENTS

8.1. Authorized Budget: The Authorized Budget is set forth in Exhibit A to this Agreement in the table entitled "2012 Cycle" and represents the maximum funding by the Participating Utilities. The Program Participant shall not be entitled to compensation in excess of the Authorized Budget, without written authorization by such Utility and receipt of a revised Exhibit A. Consistent with Commission directives to maximize cost-effectiveness and energy savings, the Authorized Budget set forth in Exhibit A may be reallocated or adjusted at any time by the Utility in its sole discretion, based upon Utility's evaluation of the Program Participant's commitment to, and progress toward its energy savings goals set forth herein.

8.1.1. Tracking:

Utility will track the Program Participant's performance against the goals and objectives set forth in Exhibit A, including tracking (or estimating) achievement towards the specific goals set forth in Exhibit A. The tracking will enable Utility,

to (i) report Program status and achievement of respective goals and objectives, (ii) confirm or amend the Authorized Budget based on County's performance of the goals and objectives set forth in Exhibit A.

8.1.2. 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 Program Participant's commitment to attain such goals and its desire to provide leadership to its community. To this end, in the event that Utility determines, in its sole discretion and through the tracking mechanism set forth in 8.1.1 above, that the Program Participant is not performing in accordance with the goals and objectives set forth in Exhibit A, then such Utility shall have the unilateral right to reduce, eliminate, or otherwise adjust the Authorized Budget for the remainder of the Program by amending Exhibit A and providing the amended Exhibit to the Program Participant. Pursuant to this Section, any such amended Exhibit A shall automatically be incorporated into this Agreement and take effect immediately upon delivery from such Utility to the Program Participant. Adjusted Authorized Budget should not preclude reimbursement for allowable, reimbursable Program Expenditures already incurred.

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

8.3. Payment to the Program Participant. In order for the Program Participant to be entitled to PGC funds or Gas Surcharge funds for Program Expenditures:

8.3.1. The Program Participant shall submit monthly activity reports to Utility in a format acceptable to the Utility and containing such information as may be required for the reporting requirements set forth in Section 7 above ("Monthly Reports"), by the tenth (10th) Calendar Day of the calendar month following performance, setting forth all Program Expenditures.

8.3.2. The Program Participant shall submit to Utility, together with any Monthly Report (if required), a monthly invoice for reimbursement of the reported Program Expenditures, in a format acceptable to Utility, 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 Program Participant shall clearly indicate the line items or percentage of the invoice amount that should be applied to the Program as provided in Exhibit B.
- b. Marketing, Education & Outreach: A copy of each distinct marketing material produced, with quantity of a given marketing material produced, the method of distribution, sign-in sheets and evaluation forms.

- c. Other expenditures: As pre-approved by the Utility, 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 B can be submitted for payment. All invoices submitted to the Utility must report all costs using the allowable cost elements shown on the Allowable Cost Table.

The Program Participant understands and acknowledges that all non-incentive invoices for the Program and the Monthly Report shall be submitted to Utility.

8.3.3. Utility reserves the right to reject a Program Participant invoiced amount for any of the following reasons:

- a. The invoiced amount, when aggregated with previous Program Expenditures, exceeds the amount budgeted therefore in the amounts as set forth in Exhibit A.
- b. There is a reasonable basis for concluding that such invoiced amount is unreasonable or is not directly identifiable to or required for the Program.
- c. The invoiced amount, in Utility'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 and support.

8.3.4. The Program Participant 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 8.3.2 above. The Program Participant shall promptly provide, upon the reasonable request by Utility, any documentation, records or information in connection with the Program.

8.3.5. Utility shall review and either approve, dispute or reject for payment the reported Program Expenditures within twenty (20) Calendar Days of receipt of the Monthly Report and corresponding invoice. Utility shall pay all undisputed amounts after the ten (10) Business Day period described in Section 8.3.1, but within thirty (30) Calendar Days of receiving the Monthly Report and corresponding invoice.

8.3.6. The Program Participant may respond to or rebut the rejection of an invoiced amount by providing the Participating Utility additional documentation supporting invoiced expenditures.

8.4 Reasonableness of Expenditures. The Program Participant 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 PGC funds or Gas Surcharge funds paid in the reimbursement of such Program Expenditure, the Program Participant shall be solely liable for such refund or return.

9. END DATE FOR PROGRAM AND ADMINISTRATIVE ACTIVITIES

Unless this Agreement is terminated pursuant to Section 23 below, or unless otherwise agreed to by the Parties or so ordered by the Commission, the Parties shall complete all reporting requirements by no later than March 31, 2013.

10. FINAL INVOICES

Program Participant must submit final non-incentive invoices to Utility no later than March 31, 2013.

11. INDEMNITY

11.1. Indemnity by the Program Participant. Program Participant shall indemnify, defend and hold harmless the Participating Utilities, 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 Program Participant's negligence or willful misconduct in the Program Participant's activities under the Program or performance of its obligations hereunder, or (b) the Program Participant's breach of this Agreement or of any representation or warranty of the Program Participant contained in this Agreement.

11.2. 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 UNDER-UTILIZATION 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 OR TERMINATION OF THIS AGREEMENT.

12. OWNERSHIP OF DEVELOPMENTS

The Parties acknowledge and agree that the Participating Utilities, 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 Program Participant 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.

13. DISPUTE RESOLUTION

13.1. 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 13.

13.2. 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.

13.3. Confidentiality. All negotiations and any mediation conducted pursuant to Section 13.2 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.

13.4. 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.

13.5. 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.

13.6. Failure of Mediation. If, after good faith efforts to mediate a dispute under the terms of this Agreement as provided in Section 13.2 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 33.

14. REPRESENTATIONS AND WARRANTIES - Each Party represents, covenants and warrants, as of the Effective Date and thereafter during the term of this Agreement, that:

14.1. Any work related to the Program 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, and local governments, and all agencies thereof.

14.2. The 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.

14.3. 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.

14.4. County shall contractually require each Contractor it hires to perform any work related to the Program to indemnify the Participating Utilities to the same extent County has indemnified the Participating Utilities under the terms and conditions of this Agreement.

14.5. Each Party shall retain, and shall cause its Contractors to retain, all records and documents pertaining to its Program obligations for a period of not less than five (5) years beyond the termination or expiration of this Agreement.

14.6. 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 Program.

14.7. 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: statutory minimum.
- (ii) Employer's Liability coverage: \$1 million minimum.
- (iii) Commercial General Liability: \$2 million minimum per occurrence/\$4 million minimum aggregate.
- (iv) Commercial or Business Auto (if applicable): \$1 million minimum.
- (v) Professional Liability (if applicable): \$1 million minimum.

14.8. 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 work related to the Program, 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.

15. PROOF OF INSURANCE

15.1. Evidence of Insurance. Upon Utility's request at any time during the term of this Agreement, County shall provide evidence that its insurance policies (and the insurance policies of any Contractor, as provided in Section 14.7) are in full force and effect, and provide the coverage and limits of insurance that County has represented and warranted herein to maintain at all times during the term of this Agreement.

15.2. Self-Insurance. If County is self-insured, County shall upon request forward documentation to the Utility that demonstrates to the Utility's satisfaction that County self-insures as a matter of normal business practice before commencing any work related to the Program. Utility will accept reasonable proof of self-insurance comparable to the above requirements.

15.3. Notice of Claims. County shall immediately report to Utility, and promptly thereafter confirm in writing, the occurrence of any injury, loss or damage incurred by County or its Contractors or County'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.

16. CUSTOMER CONFIDENTIALITY REQUIREMENTS

16.1. Non-Disclosure. The Program Participant, 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 Program Participant having obtained the prior written consent of the Participating Utility, except as provided by law, including the California Public Records Act, California Government Code sections 6250 et seq., lawful court order or subpoena and provided the Program Participant gives the affected Utility advance written notice of such order or subpoena.

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

16.3. Non-Disclosure Agreement. Prior to any approved disclosure of Confidential Customer Information, the Utility may require the Program Participant to enter into a nondisclosure agreement.

16.4. Commission Proceedings. This provision does not prohibit the Program Participant from disclosing non-confidential information concerning the Program to the Commission in any Commission proceeding, or any Commission-sanctioned meeting or proceeding or other public forum.

16.5. Return of Confidential Information. Confidential Customer Information (including all copies, backups and abstracts thereof) provided to the Program Participant by the Utility, and any and all documents and materials containing such Confidential Customer Information or produced by the Program Participant 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 the Utility.

16.6. 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 16 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 16 by the Program Participant, the affected Participating Utility 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.

17. 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 the requirements under this Agreement may constitute a material breach of this Agreement, resulting in its termination, payments being withheld, funding redirected by the Participating Utilities to other programs or partners, or other Program modifications as determined by Utility or as directed by the Commission.

18. 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 Program Participant to the affected Utility.

19. RESTRICTIONS ON MARKETING

19.1. 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, the Utility 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."

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

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

20. 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 their performance of this Agreement or any work related to the Program, during normal business hours, and to allow reasonable access in order to interview any staff of the Program Participant or the Utility 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 any work related to the Program or this Agreement.

21. STOP WORK PROCEDURES

Utility may suspend the work being funded by Program Funding in a Participating Utility's 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 Program Participant in writing to suspend any work being performed in such Participating Utility's service territory. Any performance of work by the Program Participant in such Participating Utility's service territory shall stop immediately, and the Program Participant may resume its work only upon receiving written notice from such Participating Utility that it may resume its work.

22. 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.

23. TERM AND TERMINATION

23.1. Term. This Agreement shall be effective as of the Effective Date and shall terminate on June 30, 2013, unless extended in writing by mutual agreement of the Parties.

23.2. 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 13 herein.

23.3. Effect of Termination. Any termination by the Program Participant or by the Utility shall constitute a termination of this Agreement in its entirety (subject, however, to the survival provisions of Section 35).

24. 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 Program Participant:

emPowerSBC, County of Santa Barbara
Angie Hacker, Program Manager
105 E. Anapamu Street, Suite 105
Santa Barbara, CA 93101
Tel: 805-568-3515
Fax: 805-568-2289

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.

25. CONTRACTORS

Each Party shall, at all times, be responsible for its work obligations, and acts and omissions of Contractors, subcontractors and persons directly or indirectly employed by such Party for services in connection with any work related to the Program. 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.

26. 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.

27. 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.

28. COMMISSION 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, a Utility shall have the right to terminate this Agreement in accordance with the provisions of Section 23 above by providing at least ten (10) days' prior written notice to the Program Participant 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.

29. NON-WAIVER

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

30. ASSIGNMENT

No Party shall assign this Agreement or any part or interest thereof, without the prior written consent of all other Parties, and any assignment without such consent shall be void and of no effect. Notwithstanding the foregoing, if the Utility 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 Program Participant's consent and such Utility shall be released from all obligations hereunder arising after the effective date of such assignment, both as principal and as surety.

31. 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.

32. 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.

33. 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.

34. SECTION HEADINGS

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

35. 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 until three (3) years after the Agreement is completed or terminated. Such provisions shall include, but are not limited to, Sections 7, 8, 11, 12, 13, 16, 20, 33 and 36 of this Agreement.

36. 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.

37. COOPERATION

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

38. 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.

39. 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]

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

Program Participant:

DOREEN FARR
Chair, Board of Supervisors
County of Santa Barbara

ATTEST:

Chandra L. Wallar
Clerk of the Board of Supervisors

By: _____
Deputy Clerk of the Board

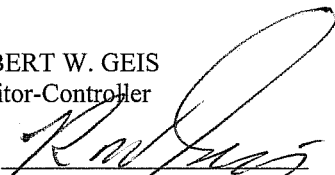
APPROVED AS TO FORM:

Dennis A. Marshall
County Counsel

By: 
Deputy County Counsel

APPROVED AS TO FORM:

ROBERT W. GEIS
Auditor-Controller

By: 
Deputy Auditor-Controller

UTILITY:

SOUTHERN CALIFORNIA GAS COMPANY

By: Hal Snyder
Title: Vice President, Customer Programs
Date:

EXHIBIT A - WORK SCOPE

CPUC SURVEY *emPowerSBC Program*

1. ARRA FINANCE PROGRAMS

- a. Please provide an overall description for each requested program. Also, please explain if your program would be changing from its current form, and what the new version would be.

emPowerSBC is Santa Barbara County's comprehensive energy efficiency financing program, dedicated to upgrading the resource efficiency of existing buildings and enabling a lasting, local high performance building market. In its current form, emPowerSBC is a voluntary and affordable way to upgrade the energy efficiency and comfort of existing single-family homes. By streamlining the process of attaining low-cost unsecured loans, qualified contractors, and utility rebates, emPowerSBC helps homeowners overcome the high upfront cost and confusion associated with making home energy upgrades. The result is a reduction in energy use, less expensive utility bills, enhanced properties and homeowners who are more comfortable year round.

With \$3 million in ARRA funding from the US Department of Energy's Better Buildings program and the California Energy Commission, emPowerSBC has leveraged tens of millions of dollars to begin transforming the energy upgrade market in Santa Barbara County. Initial ARRA funding has supported the development and implementation of a unique public-private relationship between the County, all 8 incorporated cities, the Energy Upgrade California (EUC) program, and two local credit unions. By coordinating efforts and resources, the County successfully leverages public grant funds, with rate payer incentive dollars, and \$20M in lender capital to achieve local, state and federal goals related to reducing energy use consumption and economic development (loan details are described below). The result is a win-win for homeowners and the environment, while also adding over \$55 million and 380 jobs to the economy.

Santa Barbara County is one of only a handful of jurisdictions in the country that has successfully launched an active loan loss reserve financing program. It is important to note that a financing program must offer more than just a financing product to be successful. Essential and complementary program delivery functions the emPowerSBC program provides include:

1. **Contractor Engagement:** emPowerSBC cultivates the transformation of the local residential retrofit market by driving demand and generating leads for participating contractors and their subcontractors, offering training to enhance home performance skills, and providing local support for those working with utility programs. The program has currently recruited and enrolled 15 Participating Contractors, with more pending. Staff has coordinated over 14 contractor engagement and skill-building events, including two BPI Building Analyst trainings subsidized with ARRA funding. Participating contractors report that program activities have generated over 75 solid project leads in only the first 6 months of the program.

2. **Marketing:** emPowerSBC has created a multifaceted marketing approach, that includes everything from grassroots efforts to mass media advertising. A new website was launched, and web hits are up 350% since November. Five unique advertising campaigns are currently in progress including online, TV, radio and print advertisements with specific messaging and branding customized to meet consumer needs in this region. One of emPowerSBC's most effective outreach strategies has been the coordination of homeowner workshops. These workshops include incentive and financing information provided by program staff and an overview of home performance by local home performance contractors. To facilitate a community feel we provide a barbeque dinner and attendees can enter to win raffle prizes such as a free home energy assessment or high efficiency LED light bulbs. To date, staff has coordinated 7 homeowner workshops throughout the County, with 3 more planned in next 2 months. emPowerSBC's greatest asset is its large network of committed community allies that includes; cities, community groups, non-profits, local elected officials and REALTOR and Contractors Associations. These invaluable relationships have enabled wide spread success with local outreach efforts.

If approved by CPUC, applicable IOUs and the County of Santa Barbara Board of Supervisors, additional funding could help emPowerSBC build upon our existing unique, complex and valuable infrastructure to allow Santa Barbara County to extend its services through 2012. Additionally, CPUC funding could supplement State ARRA dollars that expire on June 14th 2012, which supported staffing and significant marketing and workforce development efforts essential to successful program delivery.

* Note: Given the short time frame to complete this survey, it was not possible to confirm County or lender acceptance of the emPowerSBC activities suggested in this survey, which may be suitable for CPUC funding. Therefore this survey response should not be considered a binding request to establish a formal funding arrangement, as the County Board of Supervisors would have to approve such an action.

b. Please provide input to the following Criteria (taken from the Decision):

- **Potential for scalability to larger target markets**

emPowerSBC currently services a growing single-family residential energy upgrade market in Santa Barbara County. The County of Santa Barbara is now exploring opportunities to extend services and build upon the emPowerSBC model in Ventura and San Luis Obispo Counties. These neighboring counties do not currently have an active energy efficiency financing program, but share territories with emPowerSBC credit unions. These jurisdictions are also currently lacking essential complementary program delivery functions such as marketing and outreach, and workforce development, which simultaneously serve to complement the statewide EUC program. Program experience suggests that customized, on-the-ground program delivery provided by local stakeholders is critical to the success of both emPowerSBC and the EUC program in this region. The County is exploring the use of remaining ARRA funding provided from the California Energy Commission (CEC) through Los Angeles County, which may provide a well-timed and cost effective opportunity to implement the program in un-served communities. This approach could maximize current programmatic and marketing infrastructure (i.e. standardized agreements, processes, workflows, branding, advertising,

etc), while minimizing programmatic redundancies and community confusion. In the future, given lender cooperation, demonstrated demand, Board of Supervisor approval and additional resources, emPowerSBC may seek to scale to other target markets. CPUC funding could provide the means necessary to explore specific financing products and complementary services for other local markets such as multi-family, small business and low-moderate income, while supporting the expansion of emPowerSBC products to neighboring communities in San Luis Obispo and Ventura County.

- **Ability to leverage ratepayer funds with private loan capital**

emPowerSBC is already built to leverage public funding, private lender capital (\$20 million), and ratepayer dollars associated with the EUC program. While EUC incentives are a great way to entice homeowners to undergo home performance upgrades, many homeowners are worried about how to pay for the remainder of the high upfront costs associated with most whole home upgrades. Homeowners report that they either don't have cash on hand, or don't have access to attractive financing products. By building on top of the EUC infrastructure, Santa Barbara County achieves the following valuable benefits for the community and its IOU allies:

- Streamlines the process for homeowners to attain both high dollar rebate and low-cost loans.
- Saves taxpayer dollars otherwise needed to administer emPowerSBC's own project eligibility, measurement, verification and quality control processes.
- Leverages public and private resources expended to drive demand for emPowerSBC financing to also drive demand for the EUC program in Santa Barbara County.

- **Ability to test unique and/or new program design and delivery options**

emPowerSBC is one of only a handful of active public private energy efficiency financing programs in the nation using the loan loss reserve financing model. Using this approach, the program is currently testing favorable loan rates and terms, as well as marketing strategies and messages for the residential single-family market. emPowerSBC relies heavily on a strong network of community allies to provide reliable and widespread outreach and on-the-ground local support.

In addition, the emPowerSBC model offers the opportunity to test the following:

- Marketing and messaging strategies developed by emPowerSBC to engage both contractors and homeowners, specifically customized to drive demand in a temperate climate zone, with an older building stock, and a broad demographic, economic and ideological base.
- In-house local government program administration that complements IOU programs, offering public sector credibility as well as the benefits of home grown, high touch, highly personalized customer and contractor support system,

which operates in close proximity to area residents. Staff makes full use of the program's inherent position as a local government program, working closely with public agencies, nonprofits, REALTORS, industry associations, educational institutions and elected officials. Given its community centered and not-for-profit focus, local governments are uniquely positioned as trusted good messengers and credible program leaders. Further, emPowerSBC hopes to pilot an Energy Coach model (based on national best practices). Using this model, the County would contract with a local home performance expert to offer customers and contractors a free, neutral, 3rd party, technical resource that can provide extensive customer service and assistance, thereby increasing probability of completing EUC's complex program processes.

- Limited time offers that can create urgency and encourage interested residents to take action and complete projects, thereby prompting faster development of the home performance market, such as a temporary interest rate buy down.
- Innovative financing methods that explore sustainable opportunities to offer even more attractive loans, such as allowing EUC customers to apply their rebate towards a loan discount or interest rate buy down (lowering interest rates), increasing loan maximums, developing new approaches to minimizing cash flow problems for participating contractors, or offering customized, LLR-supported financing for other markets (such as multi-family, small business, and low income).

- **Ability to serve previously unserved or under-served markets**

Before emPowerSBC, there were no programs of this kind in the Central Coast to either provide energy efficiency financing, nor efforts to promote participation in EUC. emPowerSBC is well positioned to increase its service reach into Ventura and San Luis Obispo counties, and into markets beyond single-family residential, particularly as EUC continues to serve new markets (i.e. multi-family, small commercial).

- **Ability to offer low interest rates to consumers**

Through a loan loss reserve (credit enhancement) agreement with two local credit unions, who have operated in the Central Coast for over 50 years, emPowerSBC's unsecured Home Upgrade Loans offer up to \$25,000 specifically for homeowners interested in a Basic or Advanced package offered by the EUC program. Rates begin as low as 5.90% and terms as long as 15 years. emPowerSBC successfully leveraged its grant funded loan loss reserve 20:1, making \$20 million in private capital available for Home Upgrade Loans with a \$1 million investment of public funds. This product was formed after broad lender outreach, a competitive solicitation and selection process, followed by several months spent developing an extensive agreement in close coordination with the selected credit unions

Market rate, unsecured products typically range between 13-30%, with terms at only 5 years. With 2012 CPUC funding, emPowerSBC may be interested in testing even lower interest rates, enabling the program to generate excitement and urgency with a limited

time offer. This could serve as a pilot program to test lower rates, which could be made sustainable by building out a loan discount option utilizing EUC rebates.

- **Effective utilization of total combined ratepayer funding support from all sources.**

emPowerSBC is already a natural and effective collaborator with the IOUs, not only in supporting EUC efforts, but in implementing a broader set of shared energy efficiency goals and outcomes. emPowerSBC collaborates regularly with EUC program staff and local government partnership staff at PG&E, SCE and SCG, to refine program processes, seek and provide input, and coordinate mutually beneficial activities like contractor trainings and homeowner workshops. If approved, CPUC funds could support a more formal relationship with the IOUs to build upon these services, and continue to leverage public funds, ratepayer dollars and private capital to provide tremendous value and opportunity for Santa Barbara County residents, and possibly Ventura and San Luis Obispo County residents as well.

As described below in the budget section, emPowerSBC would request only what it can effectively and reasonably utilize, should funding be made available. The County prides itself in creating big community impact with relatively little public investment, and intends to continue to stay lean and cost-effective. While emPowerSBC does not aim to receive duplicative funding from multiple CPUC pathways, it is currently unclear how best to construct a funding relationship with CPUC dollars and the IOUs. Therefore emPowerSBC respectfully submits the high level budget figures which includes potential uses of CPUC funds in the 2012 cycle, but does not segregate uses by IOU nor specific funding stream. Pending direction by the County Board of Supervisors, emPowerSBC staff would appreciate working with the IOUs to identify the most applicable and flexible funding relationship that can minimize complex restrictions and multiple contracts/reporting to the extent possible given we receive approval to accept funding.

c. Additional Criteria (IOU):

- **Level of administrative costs (target <10%),**

Indirect costs will be billed as Administrative costs.

- **Coordinate with and enhance utility Whole House program (or relevant IOU program) to drive customer participation,**

By complementing the EUC program, the current emPowerSBC program design already meets this criteria.

- **Demonstrated ability to serve eligible utility customers**

By complementing the EUC program, the current emPowerSBC program design already meets this criteria.

2. ME&O/WET PROGRAMS/ACTIVITIES

Criteria (IOU):

- **Coordinate with and demonstrate ability to enhance utility Whole House program,**

By providing marketing and training that drives homeowner and contractor participation in the EUC program we believe we have been successful in enhancing the utility Whole House program

- **Demonstrated ability to serve eligible utility customers/vendors/contractors**

The County requires that homeowners be current IOU customers to be eligible for emPowerSBC loans. emPowerSBC requires contractors to be an approved Participating Contractor with Energy Upgrade California before applying to become an emPowerSBC Participating Contractor.

- **Program has clearly defined metrics that track and show success**

emPowerSBC tracks a variety of metrics including number of projects, energy savings resulting from upgrade projects, workforce development activities and marketing activities.

3. BUDGET DETAILS

Please submit budget details and descriptions for 2012. Please indicate how much funding would be needed for staffing, marketing/outreach, credit enhancements and WET.

2012 Cycle

In 2012, CPUC funding could help emPowerSBC build upon our existing unique, complex and valuable infrastructure. The funding could allow the County to continue services at its current level by supplementing State ARRA dollars, which expire on June 14th 2012 and have supported staffing and significant marketing and workforce development efforts essential to successful program delivery. Contingent upon Board of Supervisor approval, lender cooperation and IOU acceptance, funds could also allow Santa Barbara County to test small scale new approaches in contractor training, customer service and credit enhancement.

Below is a high level draft budget for the 2012 cycle. These funds could allow emPowerSBC to cover administration of a new grant and related operating costs, while keeping program delivery efforts at current levels of saturation through 2012, despite the expiration of State ARRA funding in June. In the budget, the County also requests funds to support a pilot Energy Coach program (based on national best practices), which would provide expert support for both homeowners and contractors navigating through both Energy Upgrade CA and emPowerSBC processes throughout the service region. Finally, the County has included two forms of credit enhancement support in 2012, which are subject both to cooperation with the lenders and to policy decisions made by the CPUC and IOUs regarding how credit enhancement funds may be spent. Loan loss reserve dollars could augment Santa Barbara County's current loan loss reserve fund. A temporary interest buy down could provide the opportunity to market a very attractive "limited time offer" to encourage roughly 75 interested residents to initiate energy upgrade projects in the short term. emPowerSBC staff are very happy to provide additional information to assist in CPUC and IOU decision making.

2012 Cycle		Requested Amount
Program Administration		
Program Administration (staffing, other)	\$	85,000.00
Sub Total Program Administration	\$	85,000.00
Workforce Education and Training		
Staffing (Contractor Recruitment, management, training coord.)	\$	50,000.00
2 BPI supplementary Trainings	\$	75,000.00
Support EUC trainings/activities (PW's, 2 EnergyPro, processing)	\$	15,000.00
Energy coach (participating contractor mentor)	\$	10,000.00
Sub Total Work force Education and Training	\$	150,000.00
Marketing and Outreach		
Staffing	\$	50,000.00
Marketing Consulting Support (Media relations, graphic design, event support, and campaign development)	\$	35,000.00
Media Buys	\$	100,000.00
Collateral/Other promotion materials	\$	20,000.00
Events support (10 workshops, booths, facilities)	\$	25,000.00
Energy coach (Homeowner support)	\$	10,000.00
Sub Total Marketing and Outreach	\$	240,000.00
Credit Enhancements		
Interest rate buy down (approximately 75 projects below 3%)	\$	200,000.00
Loan Loss Reserve (pending direction on definition of "spent" funds)	\$	200,000.00
Sub Total Credit Enhancements	\$	400,000.00
Total Requested for Cycle	\$	875,000.00

Resource impacts: The County would estimate that 75 upgrade projects could be completed in 2012 that are associated with PUC credit enhancement funding. Assuming upgrade projects result in an average \$15,000 loan, the County would estimate 15% kWh savings and 30% thermal savings on the average single family home. The best estimates of actual energy savings could be derived from utility data, particularly on completed Energy Upgrade CA projects in Santa Barbara County.

EXHIBIT B

REPORTING REQUIREMENTS

1. Reporting

1.1 Each Program Participant shall provide each respective Utility 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 Each Utility shall provide the Program Participant 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 element¹ containing each measure installed, service rendered, or measure/service committed during the report month for which the Program intends to claim savings. The Program Participant should include any new measures as part of the quarterly report. The list should display each measure as it is tracked and recorded by the Program Participant, 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 Utility 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
- p. Detailed end use classification (using classification scheme in section 6)

¹ Identification of distinct programs and program elements may be determined by CPUC staff at a later time.

- 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 6 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 – Each Utility shall provide the Program Participant 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. Each Program Participant 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
Building Shell

Aggregated End Use

Appliances
Appliances
Consumer Electronics
Cooking Appliances
Appliances
Appliances
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
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>	
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
	Subcontractor Pension - Direct Implementation Labor

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>	
Cost Categories	Allowable Costs
	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
	IOU Labor - Information Technology
	IOU Labor - Telecommunications

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>		
Cost Categories	Allowable Costs	
	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		
Subcontractor - Door Hangers		
Subcontractor - Print Advertisements		
Subcontractor - Radio Spots		

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
	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 IOU Labor - Site Inspections IOU Labor - Rebate Processing IOU Rebate Applications Subcontractor 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
	Subcontractor Labor - Rebate Processing
	Subcontractor - Rebate Applications