

**Program Design / Scope of Work**  
**Weatherization / Allegheny Power**  
**TRAILCO Electric Efficiency Partnership – Final Rev-Aug 2010**

**Introduction**

The West Virginia Governor's Office of Economic Opportunity's (GOEO) Weatherization Assistance Program (WAP), in partnership with Allegheny Power, is instituting an expanded TRAILCO-Electric Efficiency Partnership program designed to reduce heating, cooling, and electric baseload costs for low-income families in Allegheny Power's service territory, by improving the energy efficiency of their homes. The will enhance the existing low-income Weatherization Assistance Program – Allegheny Power Electric Efficiency Partnership program by expanding comprehensive energy efficiency services to low-income Allegheny Power customers in the six county area that the TRAILCO corridor passes through: North Central West Virginia Community Action Association: Monongalia-Preston-Tucker counties – and Eastern West Virginia Community Action Agency: Grant, Hardy, Hampshire counties.

Participation will be restricted to those low-income customers who now qualify for the U.S. Department of Energy's Weatherization Assistance Program and are customers of Allegheny Power. The intent of the program is to target baseload energy usage and enhance measures and thermal improvements in qualifying homes to improve the overall efficiency and to reduce energy consumption, by determining the most cost effective procedures, based on building components, existing conditions, cost of the measures, and potential savings.

Allegheny Power may refer customers to GOEO and/or North Central West Virginia Community Action Association or Eastern West Virginia Community Action Agency for program services. These agencies will then provide a Weatherization Assistance Program application to any referred customer to determine eligibility. In addition to the regular program prioritized customers (elderly and people with disabilities), priority will be given to high-end users as identified by Allegheny Power or the local agency.

**Implementation – w/ Extension clause\*\***

The GOEO WAP will coordinate and administer the TRAILCO EEP.

**\*\*TRAILCO EEP contract and payment between Allegheny and GOEO will begin July 1, 2009 and operate for five years, concluding on June 30, 2014\*\*, unless the extension provision is invoked by either agency in the six county target service areas. The extension may be requested if it becomes apparent the funds cannot be expended by the end of five years. (\*\*note- due to one year delay in program implementation, both parties are aware that there will be an extension- final date TBD) The agencies must request an extension by the end of the month fifty-four of program operations, which is December 31, 2013. Upon the receipt of an extension request Allegheny Power would agree to extend the program for an additional twenty-four months, making the program duration a total of seven years.**

Funding for the TRAILCO EEP program will be \$500,000 per year for five years. Administrative funds from the U.S. Department of Energy and the WV Department of Health and Human Resources Weatherization Assistance Program will be used to administer the TRAILCO program leveraging partnership at the State level. No Allegheny Power TrAILCO funds will be used to administer the program at the State level.

Work on participating homes will be performed by local subgrantees (or their designated contractors) of the GOEO WAP in Allegheny Power's TRAILCO corridor: North Central West Virginia Community Action Association (Monongalia, Preston, Tucker) and Eastern West Virginia Community Action Agency (Grant, Hardy, Hampshire) service area. Up to 10% of the funds utilized by the local subgrantees can be used for administration of the program. Justification for the administrative charges includes the increased recordkeeping and reporting requirements, on-site post-work inspection and payment for customer energy education.

Weatherization work will follow the March 2009 edition of the *West Virginia Weatherization Assistance Program Field Installation Standards*. The intent is for Allegheny Power funds to supplement DOE/DHHR Weatherization Assistance Program funds to provide customers a more comprehensive focus on baseload energy usage and energy efficiency measures than is currently defined and permitted by the current WV WAP, further investing in long range lowering utility costs by installing Energy Star appliances such as washing machines, water heaters and other appliances that have the potential to reduce over energy costs for the household, and by allowing the replacement of high cost, low-efficiency heating systems with high-efficiency, Energy Star heat pumps.

Specifically, Allegheny Power funds would be used for the following measures on their low-income customers' homes in the earlier defined six counties of the TRAILCO corridor.

- On homes within the six counties, Allegheny Power funds will pay for 100% of the material and outside contracted labor costs of the job to make modifications within the scope of this agreement. This includes Energy Star high-efficiency heat pump installation, installation of Energy Star appliances and modifications to the home to make the heating system and/or appliances operable. These charges are allowed with the following limitations:
  - a. Neither DOE WAP/GOEO WAP nor Allegheny Power approve of fuel switching. However, Allegheny Power is in agreement with replacing an electric customer's non-operable, non-metered heating system with a high efficiency Energy Star electric heat pump if this has been explained thoroughly to the customer, including implications of different heating system billing methods and the customer is in agreement, and the contractor is capable of installing the system and required duct distribution system properly
  - b. The maximum total cost to replace a heating system with a high-efficiency, Energy Star approved heat pump system in most cases will not exceed \$7,000; however Allegheny Power agrees to allow the TrAILCO agency in certain situations to "bundle" the \$7,000 HVAC maximum with the \$3,000 maximum for appliance replacement, "if" the installation costs of the high-efficiency, Energy Star heating system would exceed \$7,000 (but not exceed \$10,000). Example 'if the right criteria and example existed, where an Allegheny TrAILCO customer had a high energy burden (high bill and very low-income), and the client could benefit from the installation of the highest SEER unit possible for significant electricity/kWh reduction, with new duct work, etc., and the contractor's costs exceeded \$7,000 – Allegheny would agree to this. The agency must notify the GOEO WAP office before each home under this category was contracted.
    - if an agency is going to replace and install a heating system in a TrAILCO home, agency auditors will need to be perform a regular weatherization estimate, planning to weatherize the home, AND if applicable, have a Manual J HVAC Load Calculation preformed and a Manual D run for the sizing of the NEW TrAILCO duct system in the client file – contractors performing this work must provide these calculations to the agency for the client file. Also the agency post-

work inspector will still be required to PWI any/all TrAILCO work, and all work must be up to WWAP Field Standards before TrAILCO payment is complete.

- c. Additionally, if added funds are needed to complete weatherization services for these homes referenced in (a) or under regular Allegheny EEP, TrAILCO funds may continue to be used within reason. Allegheny Power would not be opposed to an additional \$2,500 per job, over the \$10,000 limit, if this will aggressively assist in providing comprehensive energy efficiency services being installed that will result in electricity/kWh reduction and help lead the customer to energy self-sufficiency. The burden of these unique energy savings opportunity & decisions will be left up to the agency's auditor after considering all the customer's home energy and household occupants/income portfolio and rationale for such much be documented in the client file.
- d. The installed heat pump must have a written ten year warranty and/or service contract in the file, with a copy to the customer, that covers the total cost of parts and labor for the entire ten year period.
- e. The maximum total cost to retrofit the dwelling and/or install Energy Star rated appliances, separate from the \$7,000 heating system\* [\*see (a) above for exception] shall not exceed \$3,000 per dwelling
- f. The total expenditures under this program cannot exceed \$12,500 per dwelling

All homes served will receive comprehensive energy education related to the measures installed and other means of conserving electricity in their homes.

### **Invoicing and Reporting for TRAILCO EEP**

GOEO will invoice Allegheny Power annually for \$500,000 to provide funding for the program.

The first invoice, for July 1, 2009 – June 30, 2010, will be submitted upon agreement to this “Scope of Work” document. Subsequent invoices for the TRAILCO EEP will be submitted on or about:

- July 1, 2010 –
- July 1, 2011 –
- July 1, 2012 and final invoice
- July 1, 2013. The program is scheduled to conclude on June 30, 2014 – unless the **\*\*Extension Clause** referenced above is invoked.

GOEO WAP will provide Allegheny Power with bi-annual reports outlining statistical information on customers served and job costs and specific measures installed. GOEO WAP will also provide Allegheny Power with bi-annual financial reports showing job reconciliations between GOEO and local service providers (Eastern West Virginia Community Action Agency, and North Central West Virginia Community Action Association) for the work performed. Any other records, reports, or financial information will be sent to Allegheny Power at the company's request.