VENDOR CONTRACT

The City of Seattle
PURCHASING SERVICES
700 Fifth Ave Ste 4112
PO Box 94687
Seattle WA 98124-4687

Vendor Contract #		Date	Change Order #
0000001757		02/09/11	2
Payment Terms	Freight Terms		
Net 30	N/A		
Buyer:		FAX:	Phone:
Carmalinda Vargas		206-233-5155	206-615-1123

Vendor #: 0000054416
Portland Energy Conservation, Inc.
100 SW Main Street, Suite 1600
Portland, OR 97204

Contact: Aimee Brown
Phone #: 503-595-4445
E-mail: abrown@peci.org

Ship To:

Seattle Public Utilities
Attn: Billie Fisher
PO Box 34018
Seattle, WA 98124-4018

or

Seattle City Light
Attn: Andrew Gibb
PO Box 34023
Seattle, WA 98124-4023

Bill To:

Seattle Public Utilities
Attn: Billie Fisher
PO Box 34018
Seattle, WA 98124-4018

or

Seattle City Light
Attn: Andrew Gibb
PO Box 34023
Seattle, WA 98124-4023

Portland Energy Conservation, Inc. was awarded a contract resulting from a sole source negotiations for providing Conservation Rebate Administration Services to Seattle Public Utilities and Seattle City Light, See Attachment #1, which includes City of Seattle Terms and Conditions (in receipt). Change Order #2 exercises the City's option to extend this contract for two addition years through 2/12/13, and to revise the Scope of Work, Section #4 and Payment, Section #5 to include the processing of additional appliance rebates for Seattle City Light, See Attachment #2,.

The contract term is for Five (5) years, effective 2/13/06 through 2/12/11, with an option to extend the contract term for two (2) additional two (2) year periods.

Original Contract: 2/13/06 through 2/12/11
Change Order #1: 2/13/06 through 2/12/11 (issued to allow City Light to utilize this contract and to update buyer information.)
Change Order #2: 2/13/11 through 2/12/13 (issued to extend contract term and to add additional appliance rebates.)

The City does not guarantee utilization of this contract. The City may award contracts to other vendors for similar products or services. Actual utilization will be based on availability, proximity of vendor facilities, frequency of deliveries, or any other factor deemed important to the City.

Continuation of this contract is contingent upon maintenance of insurance pursuant to the Contract, Section 25. Current evidence of insurance on file with the City indicates policies expire on August 1, 2011.

This is your notice to proceed.

Authorized Signature/Date

C. Vargas 2/13/11

VENDOR CONTRACT # 0000001757
ATTACHMENT # 2

Contract
Amendment #2
Between The City of Seattle and
Portland Energy Conservation, Inc.
For Conservation Rebate Administration Services

This Contract is made effective the 13th day of February, 2006 (the "Effective Date"), and entered into by and between the City of Seattle (hereinafter referred to as "the City"), a municipal corporation of the State of Washington, and Portland Energy Conservation, a non-profit corporation organized and existing under the laws of the State of Oregon and authorized to do business in the State of Washington (hereinafter referred to as "the Contractor.").

WHEREAS, the purpose of this contract is for Conservation Rebate Administration Services;

WHEREAS, funds for this purpose are authorized through the City of Seattle's annual budget;

WHEREAS, this Agreement amends Section 4, Scope of Work, Section 5, Payments.

NOW, THEREFORE, in consideration of the terms, conditions, covenants, and performance of the scope of work contained herein, the City and the Contract mutually agree as follows:

SECTION 4 - Scope of Work:

For the term of the contract, the CONTRACTOR (Portland Energy Conservation, Inc. (PECI)) will provide services to Seattle City Light ("Utility") to implement the **Seattle City Light Rebate Program** ("Program") within the Utility's service territory.

The primary goal for this Program during 2011 is to enhance the processes and strategies already developed for WashWise, and to expand the products offered through the Program to include Heat Pump Water Heaters (HPWHs) and Refrigerators. The 2011 plan will result in rebates for an estimated 5638 units of WashWise qualified clothes washers, 2542 qualified Refrigerators, and 222 qualified HPWHs for residential customers in the Utility's service territory while educating vendors and consumers about the advantages of high efficiency appliances.

PECI shall perform the work set forth in this Attachment A. It is understood and agreed upon by the parties that PECI shall perform the services pursuant to this contract as an independent Contractor and not as an agent or employee of the Utility.

The scope of services to be provided under this Scope of Work include the following, all as further described in Tasks 1 through 4 below:

- Field outreach services to appliance retailers, plumbing wholesalers, and contractors in the Utility's service territory.
- Marketing collateral design and printing.
- Licensing the use of online rebate submission.
- Rebate fulfillment. (Rebates for customers purchasing qualifying units and rebates for contractors installing qualifying HPWHs from January 1, 2011 through December 31, 2011 shall be allowed.)
- Bi-weekly invoices.
- Final monthly report creation and submission.

Task 1: Program Setup & Implementation

PECI will conduct the following tasks for the Utility in support of a mail-in and online residential appliance rebate program. The rebates are designed to increase the number of high efficiency appliances sold in the Utility's service territory while building retail and contractor relationships in the community and educating consumers on water and electric conservation efforts within the region.

- **PECI Contact:** PECI will be available for communications with the Utility through a specified point of contact. This contact person will maintain regular communications with the Utility throughout the Program and will be available to fulfill special requests.
- **Retailer Communications:** Retailer communications for this Program will be initiated with a site visit to each retailer prior to the beginning of the new program requirements.
- **Contractor Communications:** Contractor communication and training will be developed for this Program and delivered to contractors and wholesalers who wish to participate in the program through the following plan:
    - Bi-annual training for all plumbing retailers with additional trainings upon request
    - Trainings consist of presentation with follow-up quiz
    - Additional materials available upon request
- **Promotional Materials and Training:** PECI will produce promotional materials as needed, to be delivered to all retailers in coordination with any in-field training for Utility staff. Support materials include the following:
    - Mail-in Rebate Forms – forms will be designed and printed for retail distribution and will be provided in PDF format for placement on the Utility's web site.
    - On-line Submission – Utility customers will have access to PECI's online rebate submission system as soon as development and testing is completed. PECI is currently constructing the platform and it is expected that the technology will be available at the beginning of the second quarter of 2011. This will allow Utility customers to submit their application via a web portal.
    - Submission Instructions – Submission instructions include a listing and explanation of the required rebate fields, customer invoice requirements, qualified models, promotion sale date parameters, zip-code qualifications, and serial number verification. Submittal instructions will also be included.
    - Qualified Models List – A list of all qualified models and the appropriate incentive amounts will be provided. This Qualified Model List for all appliances shall be updated no less than once a month and. The clothes washer list shall be posted on WashWise website and the refrigerator and heat pump water heater lists will be provided to Utility for posting on their website.
    - Customer Service – The contact sheet will include a toll free number to a customer service representative at PECI to answer questions regarding rebate processing, materials reorder and other Program information.
    - Point Of Purchase (POP) Materials – POP (which may include product clings, counter cards and posters) will be produced and distributed personally to retailers by PECI field representatives.
    - Retailer Certification Kits – Retailer training materials will be provided to retailers,
- **Program Training:** Program training will be offered to utility personnel who may be conducting retailer visits and delivering retailer materials.
- **Retailer Training:** Appliance retailers, plumbing wholesalers, refrigerator recycling companies and contractors will receive training prior to program launch and site visits will continue throughout the program cycle.
- **Toll-Free Support Line:** Utility customers, retailers, and contractors will have access to a toll free contact line. The line enables retailers to call toll free to order more materials or ask questions. Customers responding to calls regarding missing information from their rebate forms will be able to respond toll free and resolve their rebates quickly. The Support line will be in operation from the hours of 8:30 AM to 5 PM.

Task 2: Processing & Payment

- **Process:** Receive, verify and date stamp the incoming rebate applications.
- **Verify:** Verify rebate eligibility and information based on the following criteria:
  - Copy of invoice – a copy of the customer invoice (sales receipt) will be required to verify the validity of the sales and purchase information.
  - Qualified model – the model qualification will be based on the version of the Qualified Model List current at the time the appliance is purchased.
  - Date Sold – the sales date for new measures (refrigerators, HPWH) must be January 1, 2011 through December 31, 2011. Sales dates for clothes washers must be prior to December 31, 2011. Completed applications and receipts must be received within 90 days of purchase, with extensions granted only with permission from Seattle City Light.
  - Customer Verification – Customers will be verified based off of Seattle City Light territory zip codes and territory map. Utility will verify customer from PECI verification reports and report any issues or changes back to PECI prior to invoicing.
  - Serial number – the retailer must provide the machine serial number to prove that each sale is unique. PECI has set a default tool into the database to prevent duplication.
  - Installation invoice- a copy of the customer's installation invoice from the contractor will be required to verify that HPWHs have been installed according to the Program's requirements.
  - Refrigerator recycling verification: a copy of the receipt from haul-away company will be verified and cubic feet of recycled unit will be entered into the database.
  - Enter information from the Rebate Form and accompanying invoice into the database and export to accounting.
- **Rebate:** PECI will generate a check for each verified customer and/or contractor on a weekly basis. Checks will be written and mailed, using first class postage, within 10 working days of receipt and verification of Rebate Forms and after funds are received from the Utility.
- **Check Insert:** A check insert will be sent with each rebate check mailed out to customers thanking them for their conservation choice and participating in their utility program. The check insert will be branded with Seattle City Light logo and creative will be pre-approved by Utility.
- **Incomplete Applications:** PECI will immediately return any incomplete application with a letter and/or email explaining why the application was returned and requesting a resubmission of the completed application.
- **Reimbursement:** PECI understands the necessity to reimburse customers promptly, therefore, PECI may choose to invoice as often as bi-weekly for rebate funds to ensure that customers are paid in a timely manner.

Task 3: Data Tracking, Summary Report & Invoicing

- PECI will maintain a detailed database for processing rebate submittals and tracking. The database will contain comprehensive information, enabling the Program to track all retailer, customer, and contractor submittal information and provide up-to-date reports on units processed to date through the Program. The database will provide snapshot views of market activity in the Utility's service territory.
- PECI will license the use of the online rebate submission portal to the Utility using a price per application fee structure, pricing to be negotiated. The same data from the application will be captured from each customer who submits their

applications via the portal. This data will be combined with the data captured via mail-in submissions and included in monthly reports and invoices once online submission is available.

- Incentive Invoicing will occur every two weeks. An electronic invoice will be sent to SCL and SPU where applicable. PECI will be paid in accordance with the budget amounts set forth in Attachment B and will invoice the Utility on a bi-weekly basis.
- Program administration invoicing will occur monthly.
- A detailed electronic data report in Microsoft Excel format will be included with each incentive invoice. The data report will include customer and model information for all rebates processed in the billing period including but not limited to:
    - Customer name
    - Installation address including city and zip
    - Clothes washer brand, or Refrigerator brand, or HPWH brand
    - Clothes washer model number, or Refrigerator model number, or HPWH model number
    - Recycled existing refrigerator model number
    - Recycled existing refrigerator size, in cubic feet
    - MEF (Modified Energy Factor for Clothes Washers Only)
    - WF (Water Factor for Clothes Washers Only)
    - Percent Better (Percent Better than Federal Standard for Refrigerators Only)
    - EF (Energy Factor for HPWHs Only)
    - Rebate amount
    - Customer purchase date
    - Water heater fuel type (Clothes washers only)
    - Dryer fuel type (Clothes washers only)
    - Installation Date (HPWHs Only)
    - Installation location (for HPWHs Only)
    - Contractor name (HPWHs Only)
    - Contractor address including city and zip (HPWHs Only)
    - Total Cost (HPWHs Only)
- Prior to each invoice, a verification report will be submitted to Utility for verification of customer information
- With each invoice, a "pending" report shall also be provided. The pending report shall estimate the number of rebates in process that have yet to be invoiced.
- Around the 6th of every month, PECI will provide a summary report of all rebates for the previous month. Reports to align with invoices for the month, and include at a minimum the number of clothes washers sold in the month by water and dryer fuel source, refrigerators sold and recycled, and HPWHs sold.

Task 4: Marketing and Point of Purchase Materials

- PECI will provide the following marketing services (all materials and significant redesign activities will be approved by the Utility before finalizing and/or printing):
- ***Wash Wise (Clothes Washers)***
    - Website Redesign
        - Redesign web architecture
        - New design & graphics
        - Content updates (i.e. Tier pages, eligibility dates)
        - Add new FAQ page

    - Add new page for online application submission
  - Applications
  - Point of Purchase materials
    - Clothes washer product clings (2 versions)
    - Counter card
    - Posters
  - Retailer Kits
    - Single pouch folder with business card slot, 2 tiered inserts (training program overview + quiz)
  - Retailer Partner Circulars
    - Provide WW logo, artwork, messaging to retailers for promoting within their circulars
- ***Refrigerators and Heat Pump Water Heater Measures***
  - Product clings
  - Applications (produced by SCL), mail-in only. No online application submission ability for these measures.
  - Quarterly event input and recommendations (field to support with utility staff as scheduled)
  - Co-operative Advertising Opportunities: PECI field and marketing staff to seek and identify co-op advertising opportunities and present to SCL on a quarterly basis. Examples: Val-Pak ads with retailers such as Albert Lee.
  - Refrigerator and HPWH inserts to be included in WashWise retailer training kit for Seattle City Light retailers
  - Contractor Materials
    - Educational Flyers such as installation specifications, process documents, etc.
    - FAQ
    - Quiz
- ***Results Measurement and Reporting***
  - Website
    - Quarterly traffic summary and application submissions
  - Retailer Kits
    - Quizzes completed
  - Special Promotions
    - Pending implementation of promotions, results will be reported at close of event (i.e. participation levels, media coverage, quantity of submissions resulting from promotion)
  - Field Visits
    - Number of visits and trainings
    - Outreach events

Task 5: Field

Field Service Representatives (FSR)s will maintain the program by:

- Ensuring that qualifying product is in stock, and appropriate marketing materials are posted and provided.
- Maintaining site visit schedules outlining planned retailer visits and outreach events.
- Providing visit reports that outline the specifics of each retailer visit including: availability of qualifying product(s), point of purchase materials placement, pricing accuracy (if applicable), consumer comments, and qualitative comments from sales associates.
- Visiting participating retailers on a four to six week rotation schedule or more frequently as needed.

FSRs will enhance the program by:

- Educating store management and staff on Seattle City Light offerings, explaining how promotions benefit consumers and increase sales.
- Scheduling product/program knowledge training sessions for sales associates. Training sessions are particularly constructive in retailers that are not commonly known for carrying a particular product
- Training retailers to educate consumers on qualifying products through marketing techniques and customer interaction.
- Working with participating retailers to host and/or participate in educational tabling events.
- Identifying opportunities to include Seattle City Light staff at retail events and trainings.
- Participating in community outreach events to promote Seattle City Light's energy-efficiency programs.
  - FSRs will actively seek out new opportunities for program outreach events.
- Providing the program team with qualitative information from sales associates and consumers.
  - FSRs will ask a "question of the month" to promote feedback from sales associates.
  - FSR's will inform the program of challenges with point of purchase materials or sales associate knowledge and report back to the program, so that product managers can work at a corporate or management level to encourage support of the program at the store level.
- Providing photos of in-store marketing placement with evaluations of what's working and suggestions for improvement.

FSRs will grow the program as they:

- Identify and report potential new retailers for participation in Seattle City Light's retail-based programs.
- Maintain and expand cross-trained knowledge of all applicable Seattle City Light programs to maximize effectiveness and reach of tabling and outreach events as well as regular retail visits.
- Facilitate existing retailer event engagements and add additional retailer events.

Average Per Unit Cost Table (Not to Exceed)	
Clothes Washers (Whole)	$ 13.00
Clothes Washers (Split)	$ 7.00
Refrigerators	$ 12.00
Heat Pump Water Heaters	$ 18.00

1. **SECTION 5 - Payment**: In consideration of acceptable Contractor performance, the City shall compensate the Contractor as follows:

2011 PECI Pricing

PECI Labor Annual Costs	**$**	**67,545**
Management- fixed cost	$	9,063
Senior oversight of incentive process		
Respond to SCL/SPU requests		
Fulfill monthly reports		
Incentive Processing (estimate variable costs based on 8,770 units)	$	50,388
Receipt and review of rebates		
Verification and data entry of rebates		
Follow up on rebate rejections		
Maintenance of hotline and customer service		
In-house retail communications and follow up rebate form mailings		
Field Support Services	**$**	**30,000**
Liason between retailer and utility requests		
On the ground labor, mileage and direct costs		
Site visits to retail partners		
Delivery of rebate materials to retailers		
Direct Implementation Costs	**$**	**13,614**
Direct Marketing	$	7,284
Production of Point of Purchase materials including product clings posters, counter cards, etc		
Implementation	$	6,330
Check mail-out-postage, envelopes & checks		
Retailer training card design and production		
Shipping, phone, internet, storage and misc. supplies		
Travel to Washington for program meetings		
Incentives Annual Rebate Estimates (pass through billign)	**$**	**732,500**

Measure	Total Cost		Projected Number of	Rebate Amount
Clothes washers (SCL only)	$	50,000	1000	50
Clothes washers (split with SPU)	$	500,000	5000	100
Refrigerators	$	127,500	2550	50
Heat Pump Water Heaters	$	55,000	220	250
Total	**$**	**732,500**	8770	

Total Annual Estimated Cost based on 8770 Units	$	843,669

Average Admin Per Unit Cost (Not to Exceed)		
Clothes Washers (Whole)		$13.00
Clothes Washers (Split)	$	7.00
Refrigerators	$	12.00
Heat Pump Water Heaters	$	18.00
Total Average		$12.50

Paragraph 13 - Contract Notices, Deliverable Materials and Invoices Delivery. Official Contract notices shall be delivered to the following addresses (or such other address (es) as either party may designate in writing):

If delivered by the U.S. Postal Service, it must be addressed to:

Carmalinda Vargas
City of Seattle Purchasing and Contracting Services
PO Box 94687
Seattle, WA 98124-4687

If delivered by other than the U.S. Postal Service, it must be addressed to:

Carmalinda Vargas
City of Seattle Purchasing and Contracting Services
Seattle Municipal Tower
700 5th Ave., #4112
Seattle, WA 98104-5042

Phone: 206-615-1123
Fax: 206-233-5155
E-Mail: Carmalinda.vargas@seattle.gov

Project work, invoices and communications shall be delivered to the City Project Manager – Seattle City Light

Seattle City Light
Conservation Resources Division
901 5th Ave, 19th Floor
Seattle WA 98104

Mailing address:
700 5th Ave, Suite 3200
PO Box 34023
Seattle WA 98124-4023
Phone: 206-386-1824
Fax: 206-684-4220
E-Mail: christine.bunch@seattle.gov

Project work, payments, and communications shall be delivered to the Contractor:

Portland Energy Conservation, Inc.
Attention: Brian Scully
100 SW Main Street, Suite 1600
Portland, OR 97204
Phone: 503-595-4445
E-Mail: bskully@PECI.org

In all other respects the contract remains unchanged.

IN WITNESS WHEREOF, in consideration of the terms, conditions, and covenants contained herein, or attached and incorporated and made part hereof, the parties have executed this Contract by having their authorized representatives affix their signatures below.

Portland Energy Conservation, Inc.

By _____

PHIL WELCH EXECUTIVE DIRECTOR
Printed Name and Title

3/07/11
Date

The City of Seattle

By _____

VIVIAN UNO, SUPERVISOR

3/7/2011
Date