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DEFINITIONS

BUSINESS PORTFOLIO: Portfolio of Program offerings designed to serve a particular non-residential Sector. Business Portfolio Programs may target industrial, commercial, agricultural, schools, local governments, and non-local customers.

COMPLIANCE AGENT: The Contractor that performs compliance audits to ensure Program Contractors comply with the Focus on Energy policies and procedures as well as contractual requirements specified in their individual contracts.

COMMISSION: The Commission refers the Public Service Commission of Wisconsin (PSC). The Commission may delegate tasks to Commission staff as needed.

CONTRACT ADMINISTRATOR: The Statewide Energy Efficiency and Renewable Administration (SEERA) is the legal entity (non-profit) formed by the Energy Utilities to fulfill their obligations under Wis. Stat. § 196.374(2)(a). The SEERA creates and funds statewide energy efficiency and renewable energy programs. The SEERA also contracts, on the basis of competitive bids, with one or more organizations to administer Focus on Energy.

CONTRACTORS: Where capitalized, refers to organizations contracted directly with the SEERA or the Commission in connection with Focus on Energy. These organizations include, but are not limited to, the Program Administrator, Fiscal Agent, Evaluator, and the Compliance Agent.

CUSTOMER: Unless the context requires otherwise, means a Utility customer that is eligible to participate in one or more Focus on Energy Programs.

ENERGY UTILITIES: Term used to describe electric and/or natural gas Investor Owned Utilities.

ENVIRONMENTAL AND ECONOMIC RESEARCH AND DEVELOPMENT PROGRAM: The initiatives for research and development regarding the environmental and economic impacts of energy use in Wisconsin, under Wis. Stat. § 196.374(2)(a)2.d.

EVALUATOR: Independent third party Contractor hired by the PSC to evaluate the performance of all programs administered by the Program Administrator.

FISCAL AGENT: Contractor that receives, distributes, and accounts for statewide energy efficiency and renewable resource programs under Act 141.

FOCUS ON ENERGY: The statewide energy and renewable energy programs specified under Wis. Stat. § 196.374(2)(a).

FOCUS ON ENERGY ADVISOR: Refers to an employee of a Program Implementer or Program Implementer Subcontractor that, in a specific role, interacts directly with customers and provides advice on specific programs that a customer may participate in, and provides assistance with the customer’s individual project.

FOCUS ON ENERGY REPRESENTATIVE: Refers to an employee of a Program Contractor that works on a Focus on Energy program or initiative.

Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.
INCENTIVES: Payments provided by Focus on Energy to a customer or trade ally, which enables or facilitates the implementation of an energy efficiency or renewable energy project. This includes all supplies purchased for installation at a customer location. This does not include technical assistance or in-kind services.

INVESTOR-OWNED UTILITY (IOU): A form of electric and/or natural gas utility owned by a group of investors.

LOCAL UNITS OF GOVERNMENT: Wis. Stat. § 23.24(4) (a) states “local government unit” means a political subdivision of this state, a special purpose district in this state, an instrumentality or corporation of the political subdivision or special purpose district, or combination or subunit of any of the foregoing. This includes cities, villages, towns, counties, school districts, and technical college districts. This definition was published in the 2009-2010 Bill Drafting Manual published by the Wisconsin Legislative Reference Bureau.

MUNICIPAL ELECTRIC UTILITY: Electric or natural gas utility that is owned wholly by a municipality and that owns a retail distribution system.

PROGRAM: Program for reducing the usage of energy or increasing the efficiency of the usage of energy by a customer or member of an Energy Utility, Municipal Electric Utility, or Retail Electric Cooperative. Programs may target specific customer types, customer sectors, or technologies.

PROGRAM ADMINISTRATOR: Contractor hired by the SEERA to administer Focus on Energy Programs.

PROGRAM CONTRACTORS: This term is used inclusively to describe Focus on Energy Contractors, Subcontractors, Program Implementers and Program Implementer Subcontractors.

PROGRAM IMPLEMENTER: An organization contracting with the Program Administrator to implement a Focus on Energy Program.

PROGRAM IMPLEMENTER SUBCONTRACTOR: An organization contracted with a Program Implementer to support the implementation of the Focus on Energy Programs.

RESEARCH PORTFOLIO: Portfolio of offerings and initiatives oriented to further research activities in the State of Wisconsin. This portfolio includes the Environmental and Economic Research and Development (EERD) program.

RESIDENTIAL PORTFOLIO: Refers to a collection of programs for residential customers. This includes residential single family housing, duplexes, triplexes, and 4 plus units.

RETAIL ELECTRIC COOPERATIVE: Cooperative association that is organized under Wis. Stat. § 185 for the purpose of providing electricity at retail to its members only and that own or operate a retail electric distribution system.
SECTOR: A group of customers that provide similar goods and services. Utilizing Sectors allows targeting of specific Focus on Energy Incentive offerings and measures. Sectors served by Focus on Energy include: industrial, commercial, agricultural, schools, local government, non-local-government, and residential.

SENSITIVE INFORMATION: Means non-public information about a Focus on Energy customer. Sensitive Information includes, but is not limited to: Social Security numbers; utility account numbers; tax identification numbers; energy usage information; property owner name and address; confidential project-specific information; confidential business documents; and project costs.

SERIAL CONTRACTING: Represents the practice of issuing a series of purchase orders in a 90-day period, to the same vendor for the same commodity or service. By writing several smaller orders, the Program Contractor avoids the procurement policy. Avoiding the policy indicates the Program may not be receiving the best value and/or is being defrauded by that Program Contractor.

SPECTRUM: Comprehensive customer relationship management (CRM)-based data management system that serves as the center for the major functional components of Focus on Energy. SPECTRUM tracks and manages:

- Customer service and relations
- Customer, property, and utility information
- Energy efficiency and renewable energy applications
- Incentive applications, payments and processing
- Measures of energy savings
- Program/Program Implementer budgets and expenditures
- Subcontractor/Program Implementer invoicing, budgeting, approval, and payment

SUBCONTRACTORS: Where capitalized, refers to organizations contracted with a Contractor in connection with Focus on Energy, but specifically excluding Program Implementers and Program Implementer Subcontractors. These organizations include, but are not limited to, outside legal counsel and marketing firms.

THIRD PARTY: Means an individual or organization that is not a Program Contractor and is not privy to Sensitive Information without consent from the Public Service Commission.

TRADE ALLY: A contractor or service provider that works with Focus on Energy to deliver energy efficiency and/or renewable energy products and expertise to Customers.

UTILITIES: Energy Utilities, Retail Electric Cooperatives, and Municipal Electric Utilities that provide energy customers in the State of Wisconsin.
**ACRONYMS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>Act 9</td>
<td>1999 Wisconsin Act 9</td>
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<tr>
<td>Act 141</td>
<td>2005 Wisconsin Act 141</td>
</tr>
<tr>
<td>Act 414</td>
<td>1993 Wisconsin Act 414</td>
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<tr>
<td>CTC</td>
<td>Commitment to Community Program</td>
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<tr>
<td>DOA</td>
<td>Department of Administration</td>
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<tr>
<td>ERF</td>
<td>Electronic Regulatory Filing</td>
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<tr>
<td>FDIC</td>
<td>Federal Deposit Insurance Corporation</td>
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<tr>
<td>GSA</td>
<td>General Services Administration</td>
</tr>
<tr>
<td>IOU</td>
<td>Investor-Owned Utility</td>
</tr>
<tr>
<td>M&amp;I</td>
<td>Miscellaneous and Incidental Expenses</td>
</tr>
<tr>
<td>PSC</td>
<td>Public Service Commission of Wisconsin</td>
</tr>
<tr>
<td>RPS</td>
<td>Renewable Portfolio Standard</td>
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<tr>
<td>RFP</td>
<td>Request for Proposals</td>
</tr>
<tr>
<td>SEERA</td>
<td>Statewide Energy Efficiency and Renewable Administration</td>
</tr>
<tr>
<td>SPECTRUM</td>
<td>State Program for Energy Customer Tracking, Resource Utilization and data Management</td>
</tr>
<tr>
<td>TRC</td>
<td>Total Resource Cost</td>
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</tbody>
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BACKGROUND AND OVERVIEW

The purpose of this document is to provide guidance and a consistent reference for those interacting with Focus on Energy. The policies contained in this document apply to all Focus on Energy Program Contractors. This manual provides all overarching policies and procedures for Focus on Energy and should be used as the primary reference when developing any contracts. In the event that there is any inconsistency between this manual and the contract, the contract shall be followed.

This document is organized by topic, with each section providing details to answer anticipated questions of the Program Contractors, utilities, legislators, and other users.

If you are unable to find the information you need within this manual, please contact the following individuals at the Public Service Commission of Wisconsin (PSC):

<table>
<thead>
<tr>
<th>PSC Contact</th>
<th>Title</th>
<th>Phone Number</th>
<th>Email Address</th>
</tr>
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<tbody>
<tr>
<td>Greg Laubmeier</td>
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</tr>
</tbody>
</table>

I. Updates to This Manual

This manual is intended to be an evolving document. Updates will be made occasionally as deemed necessary and will be distributed to stakeholders.

Suggestions for changes will be accepted and reviewed by the Public Service Commission and the Compliance Agent via email at any time throughout the program year. Program Contractors are encouraged to offer suggestions on content, format, vague policies, etc. These can be sent directly to Greg Laubmeier and cc Jolene Sheil. All requests should: Clearly outline the section of the manual being discussed, identify the problem, and provide the recommended change (if applicable).

II. Introduction

Wisconsin policy regarding energy efficiency and energy from renewable resources has been substantially shaped by three acts. 1993 Wisconsin Act 414 (Act 414) created a priority list of energy sources and required the Public Service Commission (PSC) and other agencies to implement the priorities in making all energy-related decisions and orders. It also addressed the efficient use of energy in public and private buildings, small scale solar and wind energy generation, and related topics.
1999 Wisconsin Act 9 (Act 9) established programs to promote energy efficiency and renewable energy and to provide energy assistance to low-income households, both administered by the Wisconsin Department of Administration (DOA). It also created a Renewable Portfolio Standard (RPS), a requirement that Municipal Electric Utilities and Retail Electric Cooperatives sell minimum amounts of renewable electricity, expressed as a percentage of the total electricity a Municipal Electric Utility or Retail Electric Cooperative sells. The original RPS established by Act 9 would have reached its maximum at 2.2% in 2011.

2005 Wisconsin Act 141 (Act 141) modifies and builds on the policies created by those acts, but does not establish distinctly new energy policies. This act:

- Replaces the DOA energy efficiency and renewable resource programs with programs that the utilities establish and fund. The utilities also contract with a Program Administrator to manage the programs.
- Establishes a new and more ambitious RPS, intended to result in 10% of statewide use of electricity being from renewable sources.
- Limits the application of Act 414’s energy priority list in certain PSC proceedings.
- Creates new initiatives to promote the efficient use of energy in state facilities, intended to result in 20% of the state’s own use of electricity being from renewable sources, and new requirements regarding energy codes for private buildings.

Focus on Energy works with eligible Wisconsin residents and businesses to install cost effective energy efficiency and renewable energy projects. Focus on Energy information, resources and financial incentives help to implement projects that otherwise would not get completed, or to complete projects sooner than scheduled. Its efforts help Wisconsin residents and businesses manage rising energy costs, promote in-state economic development, protect our environment and control the state’s growing demand for electricity and natural gas.

Act 141 requires that the investor-owned electric and gas utilities must collectively establish and fund the statewide energy efficiency and renewable energy programs. To fulfill their obligations under Act 141, the energy utilities have formed a non-profit entity called the Statewide Energy Efficiency and Renewable Administration (SEERA).

III. Act 141

Act 141 substantially revised the structure of the statewide energy efficiency and renewable resources programs administered by the DOA and utilities. The revised structure is based broadly on the structure of the programs that existed prior to Act 9 and thus is sometimes referred to as the “pre-Act 9 model.” Act 141 mandates the following:

3.1 Statewide Programs

3.1.1 Requires Wisconsin electric and gas Investor-Owned Utilities (IOU) to collectively create and fund statewide energy efficiency and renewable resource programs.
3.1.2 Requires IOU's to contract with one or more organizations to administer the programs.

3.1.3 Requires that statewide programs include components to address the energy needs of residential, commercial, agricultural, institutional, and industrial energy users and local units of government, and initiatives to address market barriers to the offering of goods and services relating to energy efficiency and renewable resources.

3.1.4 Earmarks 10 percent of all program funds for components to reduce energy costs incurred by local units of government and agricultural producers.

3.1.5 Creates initiatives for research and development regarding the environmental and economic impacts of energy use in Wisconsin.

3.1.6 Requires Retail Electric Cooperatives and Municipal Electric Utilities in Wisconsin to participate in Focus on Energy or run their own energy efficiency programs. Programs run by Retail Electric Cooperatives and Municipal Electric Utilities are called Commitment to Community (CTC) Programs.

3.2 Utility-Administered Programs

There are two types of utility-administered energy efficiency and renewable resource programs recognized under Act 141:

3.2.1 The first allows an energy utility, with PSC approval, to retain a portion of its revenue required to spend for statewide programs to administer or fund a new energy efficiency program for large commercial, industrial, institutional, or agricultural customers of the energy utility.

3.2.2 The second allows an energy utility, with PSC approval, to administer or fund a voluntary energy efficiency or renewable resource program that is in addition to the statewide programs.

3.3 Large Customer Programs

3.3.1 A large energy customer is a customer of an energy utility that owns or operates a facility in the energy utility's service area that has a monthly energy demand of at least 1,000 kilowatts of electricity or 10,000 decatherms of natural gas and, in any month, has been billed at least $60,000 for electricity, natural gas service, or both, for all the facilities of the customer within the energy utility's service territory.

3.3.2 Act 141 allows a large energy customer to implement and fund an energy efficiency or renewable resource project on its own facilities and, with PSC approval, deduct the cost of the project from the amount the customer is required to pay the utility for cost recovery.
3.4 Administration of the Programs

3.4.1 Overall management of Focus on Energy is provided by the Public Service Commission with advice from the SEERA, per the Memorandum of Understanding (MOU).

3.4.2 The SEERA contracts with the Program Administrator and Contractors to implement energy efficiency and renewable programs.

3.5 Funding of the Programs

3.5.1 All investor-owned utilities are required to spend 1.2 percent of their gross annual operating revenues to fund the statewide program.

3.5.2 Municipal Electric Utilities and Retail Electric Cooperatives that elect to participate will contribute an average funding level of $8 per meter annually.
POLICY: Responsibilities of Key Stakeholders

Responsibilities related to the administration, implementation, and management of Focus on Energy are identified below for all of the key stakeholders, including the Public Service Commission of Wisconsin, the Statewide Energy Efficiency and Renewable Administration, the Program Administrator, and Program Implementers.

1. Public Service Commission of Wisconsin

The Public Service Commission has overall responsibility for setting policy and providing guidance for Focus on Energy. The Public Service Commission’s authority to manage energy efficiency and renewable resource programs is derived from provisions in Act 141 and Act 9.

1.1 The Public Service Commission shall be the primary contact for the Program Administrator and specified Contractors. The role of the Public Service Commission includes planning, administration, oversight and evaluation. The Public Service Commission is also responsible for facilitating cross-program cooperation among the stakeholders, including Wisconsin Energy Utilities, Program Contractors, and other entities involved in energy efficiency and renewable resource programs.

1.2 The Public Service Commission will review and approve any Program Administrator prior to being contracted with the SEERA, contract with an independent party for evaluation, and assure a financial audit of the statewide program.

1.3 Responsibilities set forth in Focus on Energy contracts with Contractors: Additional language in contracts for Focus on Energy and sound business practices dictates the Public Service Commission will:

1.3.1 Provide a timely response to the Contractors regarding deliverables and requests;

1.3.2 Facilitate access to technical resources within its jurisdiction; and

1.3.3 Provide tracking and financial data requirements to the Contractors in a timely manner.

1.4 Overall Contract Management: The Public Service Commission is responsible for the overall management of the Focus on Energy contracts. The Public Service Commission will be responsible for, at a minimum, all items listed in this section as well as other potential items not listed.

1.4.1 Monitoring Program Scope: The Public Service Commission will oversee all phases of Focus on Energy to determine that planned contract projects are completed and will accomplish the overall goals of Focus on Energy.

1.4.2 Contract Policy Enforcement: The Public Service Commission and the SEERA are responsible for ensuring that the Contractors follow all clauses of their contract and must be knowledgeable with all portions of the contracts they oversee.

Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.
1.4.3 The Public Service Commission and the SEERA must take a proactive approach to ensuring that the Program Administrator and the Contractors follow their contracts.

1.4.4 The Public Service Commission and the SEERA will act as a facilitator in any dispute resolution which arises from conflicts in the contract.

1.4.5 Coordinating Payments to Contractors: The Public Service Commission is responsible for reviewing payments to the Contractors made by the Fiscal Agent for accuracy and reasonableness.

1.5 **Reviewing Contractor Performance:** The Public Service Commission shall review the Contractors’ performance and will investigate any negative findings and develop corrective actions.

1.5.1 Monthly Activity Reports: The Public Service Commission is responsible for reviewing monthly activity reports that Contractors are required to submit. These status reports are directed at providing greater detail about the amounts invested by Focus on Energy in the period covering the current invoice.

1.5.2 Coordinating Program Evaluation: The Public Service Commission will act as a facilitator between the Program Contractors and the Program Evaluator.

1.5.3 Providing Program Information to the SEERA: The Public Service Commission may be called upon to summarize and report information regarding Focus on Energy to the SEERA at any time. The Public Service Commission must have current information available from the Contractors sufficient to handle these requests.

1.6 **Compliance Audits:** All Program Contractors’ Focus on Energy contracts have/ must contain an article subjecting them to a compliance audit if they are selected by the Public Service Commission.

1.6.1 Audit Selection: The Public Service Commission will solicit input from the Program Administrator and Compliance Agent regarding the selection of which Program Contractors will be audited. SEERA and the Program Administrator will be audited every year.

1.6.2 Audit Schedule: The Public Service Commission will review and approve the audit schedule.

1.6.3 Audit Information Gathering: The Public Service Commission will intervene directly with parties that are not supplying information in a timely manner or not cooperating with auditors. This may include suspension of payments.

1.6.4 Audit Review: The Public Service Commission will review audit findings, responses and action plans. Additional follow-up will be completed as needed.
1.7 Financial:

1.7.1 Municipal Electric Utilities and Retail Electric Cooperative Invoicing: The Public Service Commission will provide the Fiscal Agent with the list of Municipal Electric Utilities and Retail Electric Cooperatives that will submit funding to Focus on Energy.

1.7.2 Investor-Owned Utility Invoicing: The Public Service Commission will determine the annual contribution from Investor-Owned Utilities and direct the fiscal agent to the invoice accordingly.

1.7.3 General: All financial decisions regarding investments, reports, banking, check writing, and financial processes must be approved by the Public Service Commission prior to implementation.

II. Statewide Energy Efficiency and Renewable Administration

SEERA is responsible for establishing and funding the statewide energy efficiency and renewable resource programs. The SEERA is responsible for contracting, on the basis of competitive bids, with an organization to administer Focus on Energy. The SEERA has no obligations regarding the statewide programs other than establishing, funding, and contracting for the programs and their administration.

2.1 Responsibilities Regarding Focus on Energy Program Contracts:

2.1.1 Work cooperatively with the Public Service Commission to develop contracts with the Program Administrator, Fiscal Agent, and the Compliance Agent. Forward signed copies of the contracts to the Public Service Commission promptly.

2.1.2 Submit contracts that have been agreed to between the SEERA and the Program Administrator to the Public Service Commission for approval.

2.1.3 Act as final arbitrator, should disputes arise between Contractors and the Public Service Commission on invoices.

2.2 Responsibilities Regarding Program Administrator(s) Performance:

2.2.1 Keep apprised of program activities through regular review of performance reports as submitted by Program Administrator to the Public Service Commission.

2.2.2 Keep apprised of program results by reviewing evaluation reports submitted by the Focus on Energy Evaluator to the Public Service Commission.

2.2.3 Work cooperatively with the Public Service Commission should concerns arise about an entity’s ability to perform and other related contractual problems.
III. Program Administrator

3.1 Responsibilities Regarding Program Performance:

3.1.1 The Program Administrator shall manage and administer Focus on Energy Residential and Business programs to ensure they meet the priorities and purposes specified in Wis. Stat. § 196.374 (2) (a) 2. The Program Administrator is responsible for establishing annual energy savings targets for Program Implementers.

3.1.2 The Program Administrator, through the Business and Residential Portfolios, shall meet the Commission-approved four year verified Gross Lifecycle Energy Savings and Demand Reduction Goals set forth in their contract with SEERA.

3.1.3 The Program Administrator shall ensure that, on an annual and quadrennial basis, the total Portfolio of all Focus on Energy Programs will result in a benefit/cost ratio that is at least equal to one (1.0), using a modified Total Resource Cost (TRC) test that is calculated consistent with the Commission’s decisions in the quadrennial planning process II, docket 5-FE-100.

3.1.4 The Program Administrator and its Program Implementers shall document all steps taken to mitigate Free-ridership and, as applicable, follow the process for developing a Free-ridership Mitigation Plan as outlined in the 2015-2018 Implementer Contract template.

3.1.5 The Program Administrator shall ensure that approximately 60 percent of the annual Focus on Energy Program budget is allocated to the Business Portfolio Programs and approximately 40 percent of the Focus on Energy Program budget is allocated to Residential Portfolio Programs.

3.1.6 The Program Administrator shall ensure that all eligible Utility customers in all business, residential and other Sectors, regardless of geographic location, have equal opportunity to participate in Focus on Energy electric and natural gas efficiency and renewable programs.

3.1.7 The Program Administrator shall coordinate Program Contractors and stakeholders (including without limitation Utilities participating in Focus on Energy, Trade Allies, the Wisconsin Department of Administration, and certain environmental advocacy groups) throughout the term of their agreement with SEERA to advance Focus on Energy goals and objectives.

3.1.8 The Program Administrator shall host semi-annual meetings, unless otherwise agreed to by the Commission, with Implementers to review accomplishments, coordinate activities, identify issues that need attention, and discuss future activities.
3.1.9 The Program Administrator shall meet with Focus on Energy Trade Allies on a quarterly basis, and other stakeholders when issues arise or otherwise as appropriate, to advance Focus on Energy goals and objectives.

3.1.10 The Program Administrator shall be responsible for all matters involving any of its Implementers or Subcontractors engaged under their Agreement with SEERA, including without limitation contract compliance, performance, and dispute resolution, with input from Commission staff.

3.1.11 The Program Administrator shall present itself, and shall cause all of its Program Implementers and Subcontractors to present themselves as representatives of Focus on Energy when they deal with the media, the public and Program participants regarding Focus on Energy Programs. In media dealings that involve Focus on Energy funded activities, the Program Administrator and its Program Implementers and Subcontractors shall clearly state and identify that the activity or program is funded by Focus on Energy.

3.1.12 The Program Administrator through its Program Implementers shall ensure that all participating customers and all energy efficiency and renewables programs and savings activities are eligible per the applicable Program requirements.

3.1.13 The Program Administrator shall solicit, select, hire, and oversee employees, Program Implementers and Subcontractors to perform the work pursuant to their agreement with SEERA and develop methods for managing their performance and compensation with input from Commission staff. The Program Administrator shall bring in industry-specific and technology-specific specialized expertise on an as-needed basis to provide the appropriate level of energy efficiency and renewable energy technical assistance to Customers.

3.2 Responsibilities Regarding Financial Management:

3.2.1 The Program Administrator shall be responsible for ensuring all financial data entered in SPECTRUM is accurate.

3.2.2 The Program Administrator shall submit monthly invoices to the Commission for review and approval. The Program Administrator shall ensure all information (including without limitation summaries of employee billing which include name, title, line item, hours worked, billing rate, and total billed by employee) is submitted electronically via SPECTRUM.

3.2.3 The Program Administrator shall maintain all books, documents, payroll papers, accounting records, and other evidence pertaining to the costs incurred under Focus on Energy activity, in accordance with the criteria specified in the Accounting Requirements Policy.
3.2.4 The Program Administrator shall adhere, and shall ensure that all of the Program Implementers and its Subcontractors adhere to all requirements outlined in the this Policy Manual, as it may be amended from time to time with Commission approval.

3.2.5 Per Wis. Stat. § 196.374(1) or Wis. Stat. § 196.374(2)(a)2.b, the Program Administrator shall ensure that ten percent of the total Focus on Energy Portfolio budget is reserved for agricultural producers and Local Units of Government on an annual basis. If that full amount cannot be spent on cost-effective programs for Local Units of Government and agricultural producers, any surplus funds will be spent on commercial, institutional and industrial customers. Schools that are funded by taxpayers in the state are also included in this group, because they are Local Units of Government.

3.3 Responsibilities Regarding Marketing and Communications:

3.3.1 The Program Administrator shall keep all relevant materials updated and posted to the Focus on Energy website and SharePoint sites. Such materials shall include, but not be limited to, Incentive applications, Program descriptions, Incentive reservation balances, fact sheets, contact information for eligible Utilities, and contact information for participating Trade Allies.

3.3.2 The Program Administrator and its Program Implementers and Subcontractors shall follow the Marketing Style Guide developed by the Program Administrator and approved by the Commission for marketing pieces, including press releases, fact sheets, direct mail pieces, program brochures, and other collateral materials.

3.3.3 The Program Administrator shall develop a marketing plan template to be used by Program Implementers, Program Implementer Subcontractors and the Program Administrator in order to provide consistent information.

3.3.4 The Program Administrator shall develop an umbrella marketing plan for each year during the term of the Agreement and coordinate all Program Implementer and Program Implementer Subcontractor marketing plans.

3.3.5 The Program Administrator shall review and be responsible for all content of individual marketing pieces for the Focus on Energy Program, including press releases, fact sheets, direct mail pieces, program brochures, and other collateral materials for style and content.

3.4 Responsibilities Regarding Reporting:

3.4.1 The Program Administrator shall comply with all reporting requirements established in their contract with SEERA.

3.4.2 The Program Administrator shall ensure that all data reporting requirements (in contracts) and requests for subcontractors and implementation subcontractors is readily achievable with current tools and data.

Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.
3.4.3 The Program Administrator shall create or facilitate the creation of all reports needed by implementers to meet their reporting requirements.

3.4.4 The Program Administrator shall assist with writing and compiling reports required per 2005 Wis. Act 141.

3.4.5 The Program Administrator shall ensure that data for measurement and verification of program energy savings, performance metrics and non-energy benefits are collected, stored, formatted and shared with the Public Service Commission, the Evaluator, and other appropriate parties as determined by the Public Service Commission.

3.5 Customer Service Responsibilities:

3.5.1 The Program Administrator shall operate a customer service center, with a toll free number and email address in order to respond to customer questions and direct them to the appropriate resources.

IV. Program Implementers

4.1 Responsibilities Regarding Program Performance:

4.1.1 Program Implementers shall offer designated Residential and Business programs so they meet the priorities and purposes specified in Wis. Stat. § 196.374 (2) (a) 2. The Program Implementers are responsible for annual energy savings targets established by the Program Administrator.

4.2 Responsibilities Regarding Reporting:

4.2.1 Program Implementers shall comply with all reporting requirements established in the Reporting Policy and Focus on Energy operational procedures.

4.2.2 Program Implementers shall be responsible for weekly, monthly, and end-of-Program reporting, including financial, measure, and program activity reporting.

4.3 Responsibilities Regarding Marketing and Communications:

4.3.1 Program Implementers are responsible for creating, implementing, and tracking (via SPECTRUM) program-specific annual marketing and communications plan that is approved by the Program Administrator.

4.3.2 Program Implementers shall ensure Focus on Energy Representatives are present at appropriate events and speaking engagements to promote Focus on Energy offerings.

4.3.3 Program Implementers shall manage and engage Trade Allies through outreach and communication, per the requirements established by the Program Administrator.
4.3.4 All marketing directives will be listed in Spectrum as outlined in the SPECTRUM Users Guide.

4.4 Responsibilities Regarding Customer Service:

4.4.1 Program Implementers shall collect customer information that can be used by the programs and the Public Service Commission in Spectrum utilizing the case functionality.

4.5 Responsibilities Regarding Financial Management:

4.5.1 Program Implementers shall maintain all books, documents, payroll papers, accounting records, and other evidence pertaining to the costs incurred under Focus on Energy activity, in accordance with the criteria specified in the Accounting Requirements Policy.

4.5.2 Program Implementers shall ensure that all incentives submitted to the Program Administrator for payment are correct and consistent with eligibility requirements.

4.5.3 Program Implementers remain responsible for all aspects of Program Implementer Subcontractor performance, which includes, but is not limited to, liability for any invoicing errors of Program Implementer Subcontractors.
POLICY: Program Ethics and Service Standards

The guidelines established herein provide Focus on Energy Representatives with expectations related to ethical business behavior, and specific guidelines related to service provided to Focus on Energy customers, key stakeholders, and the general public.

I. Program Ethics

1.1 Focus on Energy Representatives are expected to maintain and act with the highest standards of professional and ethical conduct at all times. This includes compliance with all applicable Federal, State and local laws, rules and regulations.

1.2 Focus on Energy Representatives are prohibited from using their position as representatives of Focus on Energy to:

- Accept or retain any transportation, lodging, meals, food, or beverages.
- Solicit or accept rewards (directly or indirectly) if the reward could reasonably be expected to influence or reward action or inaction by the Program Contractors.
- Use the Focus on Energy contract for private benefit.
- Accept any discount on admission (including skyboxes) at a stadium exempt from general property taxes.
- Take action on a matter in which it is privately interested.
- Use confidential information in a way that could result in the acceptance of anything of value.

1.3 Focus on Energy Representatives are prohibited from lobbying on Focus on Energy. Lobbying is defined as the deliberate attempt to influence political decisions through various forms of advocacy directed at policymakers on behalf of another person, organization or group. This includes the following activities:

1.3.1 Attempting to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity.

1.3.2 Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections.

1.3.3 Attempting to influence: (i) The introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto enrolled legislation.
1.3.4 Attempting to influence: (i) The introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign.

1.3.5 Attempting to influence: Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in non-allowable lobbying.

1.4 Focus on Energy Representatives are required to seek advice regarding any questionable ethical issues. All inquiries should be solicited directly to the Public Service Commission, who will then be responsible for responding in a timely manner.

II. Service Standards

Focus on Energy Representatives will strive to achieve the following standards for customer service: Continual improvement of Focus on Energy services; provide exceptional service; deliver unbiased and accurate information; develop thoughtful and appropriate solutions to customer energy needs; welcome and invite customer feedback on program improvement; deliver incentives to the customer within the timeframe stated; and effectively coordinate with other program organizations.

2.1 Standards for Focus on Energy Program Contractors:

2.1.1 General Guidelines: Focus on Energy Representatives will be prompt, courteous and professional; always try to exceed expectations; keep commitments; be clear and upfront about any potential conflicts of interest; aim for win-win situations; and encourage feedback on how to improve service.

2.1.2 Phone Calls: Focus on Energy Representatives will provide prompt, courteous and professional service. When a message is left, staff will respond within one business day. If unable to respond fully within one business day, staff will provide an estimate of time based on the complexity of the inquiry.

2.1.3 Written Communication: Focus on Energy Representatives will respond to correspondence within 10 business days. If unable to fully respond within 10 business days, staff will provide an estimate of time based on the complexity of the inquiry.

2.1.4 Email: Focus on Energy Representatives will acknowledge an email within two business days. If unable to fully respond within two business days, staff will provide an estimate of time based on the complexity of the inquiry.
2.1.5 **Customer Incentives:** Customers will receive their incentive checks as specified in the literature. The goal is for the customer to have the check in-hand within 8-10 weeks of when the application is correctly submitted or signed-off by the customer. Any delays beyond this timeframe will be communicated to the relevant Program Contractor(s), and the PSC. Focus on Energy Representatives will notify customers of incentive processing timelines consistent with current policies, procedures, forms, and literature.

III. **Conflicts of Interest**

3.1 Program Contractors/Focus on Energy Representatives may engage in business activities, other than those described directly below, as long as these activities do not create conflicts of interest regarding the performance of work for Focus on Energy.

3.2 All Program Contractors/Focus on Energy Representatives must inform the PSC of any actual or perceived conflicts of interest, including business activities and/or relationships which any person, fully acquainted with the circumstances, could reasonably conclude might unfairly advantage that Program Contractor/Focus on Energy Representative.

3.3 All Program Contractors/Focus on Energy Representatives agree that they shall abide by the PSC’s reasonable determination as to whether such activities or relationships fall within the terms of the contract.

3.4 If the Public Service Commission determines that an activity constitutes a conflict of interest, all affected Program Contractors shall agree to obligate their employees to discontinue said activity.

3.5 All Program Contractors shall not expect any beneficial, contractual, or business relationship with the Contract Administrator, the PSC, the Evaluator, the Compliance Agent or the Fiscal Agent that will be directly affected by their performance on Focus on Energy. Additionally, no Program Contractors will develop, pursue, or confirm any such beneficial contractual or business relationship with the above-mentioned parties throughout the contract period, and for six months thereafter, without the written permission of the PSC.

3.6 Program Contractors shall ensure that all time, travel, and any other costs accrued while conducting business on behalf of any other organization other than Focus on Energy are not billed to Focus on Energy.

3.7 Program Implementers and/or Program Implementer Subcontractors are not eligible to serve as Program Administrator, Independent Evaluator, Compliance Agent, or Fiscal Agent to Focus on Energy in either a prime or subcontracting capacity. Additionally, Program Contractors may not provide services for Wisconsin utilities’ voluntary programs or for Commitment to Community (CTC) programs, which are programs funded by the nontaxable program charge, or public benefits fee.
POLICY: Information Security and Confidentiality

The policy established herein provides guidelines for Program Contractors regarding the confidentiality of customer information to prevent unauthorized or unintended release. All Program Contractors and Focus on Energy Representatives who have access to, gain access to, or need access to customer information are bound by the requirements set forth in this policy.

Requests for information beyond that already approved, either per the terms below or through prior written consent from the Public Service Commission, should be sent to the Public Service Commission. All customer information is considered confidential unless otherwise noted.

I. Permissible Uses for Customer Data

1.1 **Business Purposes:** The Program Administrator has determined that customer data must be transmitted and shared to designated and authorized Focus on Energy Representatives for various required business reasons and only to the extent necessary to accomplish the acceptable business purpose. Acceptable business purposes include the following:

   1.1.1 Processing of applications, supporting documentation, and any forms related to a Focus on Energy program.

   1.1.2 Administration and payment of Focus on Energy incentives.

   1.1.3 Assisting Focus on Energy customers with inquiries related to their projects and incentives.

   1.1.4 Data needed to generate reports and other statistics involving customer participation.

   1.1.5 Conducting or assisting in audits, self-assessments and investigations.

   1.1.6 Processing of complaints or inquiries.

   1.1.7 Administration of record management and retention of records containing Sensitive Information.

   1.1.8 Administration of compliance requirements of Focus on Energy.

1.2 **Focus on Energy Representative Disclosure of Sensitive Information:** Focus on Energy Representatives determined to have a business need to have access to and the need to disclose Sensitive Information must comply with the following restrictions:

   1.2.1 Focus on Energy Representatives who are designated to have access to the Sensitive Information may disclose it to other representatives with authority to have access to such information only for those purposes described in section 1.1 above.
1.2.2 If a Focus on Energy Representative has a business need to disclose Sensitive Information to someone who is not regularly given access to such information, the Focus on Energy Representative shall disclose it to the person only after:

1.2.2.1 Obtaining approval from the Public Service Commission; and

1.2.2.2 Notifying the recipient that the information is confidential and cannot be disclosed anywhere else without the approval of the Public Service Commission and that it can only be used for the purpose for which it is disclosed.

1.2.3 Any requests to transmit Sensitive Information to a Third Party should be submitted for review to the Focus on Energy Program Administrator.

1.2.4 Any Program Contractor managing Sensitive Information shall establish a process to determine which Focus on Energy Representatives have a business need to access Sensitive Information.

1.2.5 Only Focus on Energy Representatives designated to transmit Sensitive Information to a Third Party may do so. Other Focus on Energy Representatives may do so only after approval by the Public Service Commission and provided they have received training about the requirements to secure Sensitive Information.

II. Safeguards of Sensitive Information: The safeguards described below are intended to protect Sensitive Information from unauthorized use, disclosure, alteration, loss or destruction. Nothing in this policy is intended to prevent other actions to protect Sensitive Information.

2.1 Access Controls: Each Program Contractor that handles Sensitive Information is responsible for having in place a practice that complies with the following:

2.1.1 Passwords: All programs and processes that allow access to Sensitive Information in electronic format will require a unique user name and password to access. Passwords must not be shared with other Focus on Energy Representatives, or external parties, and must be changed on a periodic basis. Focus on Energy Representatives may not use a supplied default password to access systems.

2.1.2 Review of Access Rights: When a Focus on Energy Representative authorized to access Sensitive Information changes positions, the Focus on Energy Program Administrator or Program Implementer, as appropriate, will review and, if necessary, revise or terminate the Focus on Energy Representative’s right of access to the Sensitive Information.

2.1.3 Terminated Focus on Energy Representatives: Upon termination of any Focus on Energy Representative authorized to access Sensitive Information, the Focus on Energy Program Administrator or Program Implementer, as appropriate, will promptly terminate the Focus on Energy Representative’s right of access.
2.2 Third Party Access

2.2.1 Disclosure of Sensitive Information: Focus on Energy will not disclose Sensitive Information to a Third Party until after the Third Party has agreed in writing to provide safeguards for the Sensitive Information that it will receive that are at least as stringent as this procedure and to indemnify Focus on Energy for its failure to do so. This writing should include a certification from the Third Party that it meets these standards.

2.2.2 Access by Third Parties: Third Parties may access Sensitive Information maintained and stored on Focus on Energy’s computer systems only with the authorization of the Public Service Commission and after the Third Party agrees to abide by this policy. When permitted access, a Third Party will be issued a temporary user name and password that will be de-activated as soon as the Third Party no longer has a need for the access. The Third Party will only have access to the extent access is necessary.

2.3 Technical Access Controls

2.3.1 Active Processes that Display Sensitive Information: All Focus on Energy Representatives authorized to access Sensitive Information will position their computer monitor, or take other steps, to prevent viewing by unauthorized persons when Sensitive Information is displayed on the computer monitor. All computers that run processes that display Sensitive Information will have appropriate measures installed to lock the workstation during periods of inactivity to prevent unauthorized or casual viewing of Sensitive Information. Focus on Energy Representatives with access to Sensitive Information will lock out the computer when they leave their computer station.

2.3.2 Server Security: Servers that store Sensitive Information will be located in a secure hosting center. Only authorized Focus on Energy Representatives will be permitted unescorted access to the servers as defined in Section 1.

2.3.3 Protection against Malicious Software: All Focus on Energy Contractors will maintain a firewall, install security patches, and update anti-virus protection as deemed appropriate to safeguard Sensitive Information.

2.3.4 Encryption: All files that are transferred between Focus on Energy Representatives with access to Sensitive Information will contain appropriate encryption technology to the extent feasible.

2.4 Restrictions on Authorized, Off-Premises Access to Sensitive Information

2.4.1 Remote Access: All remote access to Sensitive Information should be made through an encrypted connection.
2.4.2 Restrictions on Storage on Portable Media: Focus on Energy Representatives authorized to process Sensitive Information may not store Sensitive Information on a portable storage medium unless the data is encrypted.

2.4.3 Secure Emailing of Sensitive Information: Sensitive Information may be transmitted between Focus on Energy Representatives by electronic mail only if password-protected or, to the extent feasible, encrypted. For transmission of Sensitive Information to external parties, secure file transfer systems that restrict access to authorized personnel must be used.

2.4.4 Secure File Transfer: Files containing Sensitive Information may be transferred between Focus on Energy contractors via a secure file transfer site.

2.5 Paper Documents and Files Containing Sensitive Information

2.5.1 Restrictions on Focus on Energy Representative’s Removal of Paper Records: All Focus on Energy Representatives are responsible for ensuring the security of the records at all times.

2.5.2 Restriction on Creation of Paper Documents Containing Sensitive Information: Active paper documents and files containing Sensitive Information, when unattended, shall be maintained in a secure area, such as a locked file drawer, locked file cabinet, or locked office. Documents containing Sensitive Information should not be printed unless there is a legitimate business need for doing so. When printing is necessary, the Sensitive Information printed should be limited to the minimum necessary to accomplish the legitimate business purpose.

2.5.3 Facsimiles Containing Sensitive Information: Any facsimile containing Sensitive Information must be accompanied by a fax cover sheet that contains a confidentiality notice.

2.5.4 Security Incidents: Any Focus on Energy Representative who believes that the confidentiality, integrity or availability of Sensitive Information has been compromised should immediately contact the Focus on Energy Program Administrator. Focus on Energy will conduct an investigation into the issue and hold any Focus on Energy Representatives who have violated this policy accountable for that violation.

2.6 Maintaining Data Integrity

2.6.1 Retention and Destruction of Sensitive Information: Focus on Energy Program Contractors will retain Sensitive Information in official records for the period of time identified in the Record Maintenance Policy.

2.6.2 Destruction: Focus on Energy Program Contractors will securely and promptly destroy Sensitive Information upon the expiration of the applicable retention period identified in the Record Maintenance Policy.
III. Training

3.1 Focus on Energy Representatives: Each Focus on Energy Representative who is authorized to process and access Sensitive Information will receive training in those parts of the policy that relate to the Focus on Energy Representative’s job functions. This training will be received within 30 days of their hiring date or when there has been a material change to the policy.

3.2 Documentation: Records of a Focus on Energy Representative’s training, including name and date of training, shall be maintained by the Focus on Energy Representative’s company or organization.

IV. Customer-Specific Information

4.1 General

4.1.1 Program Contractors may request information from a utility for a specific customer if they obtain a signed release from that customer.

4.1.2 Program Contractors may provide customer information and/or energy savings to a utility or a contractor of the utility with the utility’s approval for that utility’s customers. Energy savings information is restricted to the energy type that the specific utility provides. For example, a natural gas provider can only request Therm-related information, not electric usage. In the event that a measure saves both electricity and natural gas (or neither fuel), the data may be included in reports to both the electric and natural gas providers serving the customers.

4.1.3 Any request from a utility to see other utilities’ customer information should be forwarded to the Public Service Commission. No information should be sent without authorization from the Public Service Commission. The only exception to this information sharing process is when Business customers indicate they do not wish their information shared with utilities by checking the appropriate box on the Utility Data Release Form. All release forms must allow for this option.

4.1.4 The Program Administrator may request energy usage information from utilities for a larger population of customers, without obtaining signed release forms for each customer. This information may not include specific energy usage for each customer, but may group these customers into usage ranges to support activities including portfolio and program planning, program pilots, and target marketing. The PSC must be notified and approve any request prior to it being made. Refer to the PSC’s Electronic Regulatory Filing (ERF) System to view the complete order. Docket 9501-GF-101, http://psc.wi.gov.

4.1.5 The Program Administrator may provide high level summary information to each utility that shows a percentage of contributions to the total Focus on Energy budget and percentage of total incentive paid that went to their customers.
4.2 Customer Data

4.2.1 If Program Contractors provide customer information to utilities, they may include only the following information: customer name; customer address; utility account number; program name; measure name; measure category; measure quantity; energy savings; incentive amount; fuel type saved; energy advisor name; measure status; and status date.

4.2.2 The release of information beyond what is identified above must be approved by the PSC on a case-by-case basis.

4.2.3 The Program Administrator may release energy calculations for a specific project to a utility only after a new Utility Data Release Form has been signed by the customer.

4.2.4 All utility information requests should be forwarded to the Program Administrator.

4.2.5 Customers may request copies of and share their projects’ energy calculations with utilities at any time and at their discretion.
POLICY: Accounting Requirements

The policy established herein details the minimum requirements for the accounting of financial data related to Focus on Energy.

I. General Requirements:

1.1 Program Contractors receiving Focus on Energy funds are required to have an effective financial management system that provides accountability and control of all property, funds, expenditures and assets related to the Program.

1.2 Program Contractors must account for Focus on Energy financial data in accordance with generally accepted accounting principles, contract requirements, applicable laws and procedures, and their own internal accounting procedures. Program Contractors must maintain records that adequately identify the source and application of funds provided by Focus on Energy, and maintain effective control over these funds.

1.3 Program Contractors must do the following:

1.3.1 Maintain effective control over and accountability for all contract funds, property, and other assets. All such assets shall be used solely for the contract-authorized purpose.

1.3.2 Maintain procedures for determining reasonableness of costs and whether costs are allowable or non-allowable in accordance with the contract provisions and the requirements set forth in this manual.

1.3.3 Maintain claims for reimbursement of costs incurred with the appropriate invoice format.

1.3.4 Make available all records pertaining to activities under this contract to representatives or appointees of the Public Service Commission for review and/or audit.

1.3.5 Conduct and document reconciliation of costs reported to the Public Service Commission for reimbursement on a monthly basis.

1.3.6 Produce financial information related to performance or productivity data, including the development of unit cost information as required in the contract agreement.

1.3.7 Accommodate additional requests from the Public Service Commission if the organization is not conforming to Focus on Energy Policy Manual, has a history of unsatisfactory performance, or is not financially stable.

1.3.8 Ensure organizations they are contracting with conform to this Focus on Energy Policy Manual.
1.4 A primary requirement for the financial management of any program is a good accounting system. A good system includes records that show all financial transactions related to the program. The system must document all receipt and disbursement transactions, and these transactions should be traceable to source documents. The system should also be in a format in which output is easily obtainable and readable. The following are generally accepted standards for an adequate accounting system:

1.4.1 Recording of transactions pertaining to Focus on Energy should be all inclusive, timely, verifiable, and supported by documentation.

1.4.2 The system must disclose the receipt and use of all funds relating to the Focus on Energy.

1.4.3 The system must identify all Focus on Energy costs and differentiate between eligible and ineligible costs.

1.4.4 The system must have the capability of producing output that management needs for tracking short- and long-term goals.

1.4.5 The systems should be able to clearly separate Focus on Energy expenses, income, etc. from its other lines of business or customers.

1.5 Required Records: The following is a brief description of the books and records considered as the minimum required for recording transactions. Program Contractors may establish additional accounting records that are necessary to provide adequate financial control of Focus on Energy assets and liabilities and to account for Focus on Energy costs.

1.5.1 Receipts for the recording of funds received from the program. All Program income should be easily identified in an audit as Focus on Energy income versus other forms of income received by the organization.

1.5.2 A check register to record checks issued for Focus on Energy.

1.5.3 A general ledger should be maintained to record all transactions.

1.5.4 A program cost control ledger, which may be an account, or a series of subaccounts within the general ledger to accumulated costs applicable to Focus on Energy.

1.5.5 A general journal for transactions not involving the receipt or disbursement of cash.

1.5.6 Payroll records should be maintained to accumulate the data required by federal, state, or local law with respect to each employee.

1.5.7 Property records should be maintained for capital assets including a description of the property, serial or model numbers, date of purchase, original cost and location.
1.6 **Source Documentation**: Every entry in accounting records should be supported by appropriate source documentation. Supporting documents should contain all information necessary to explain every transaction and should be cross-referenced as to allow one to trace any recorded transaction directly to the source or vice-versa. Refer to the *Record Maintenance Policy* for minimum required source documentation.

1.7 **Internal Control Objectives**: The objectives of the compliance requirements related to internal controls for Focus on Energy are to ensure that:

1.7.1 **Recording of Transactions**: Transactions are properly recorded, as evidenced by the following:

- Reliable reports.
- Maintain accountability over assets.
- Demonstrate compliance with laws, regulations, and other compliance requirements.

1.7.2 **Execution of Transactions**: Transactions are executed in compliance with:

- Laws, regulations, and contract provisions that could have a direct and material effect on Focus on Energy.
- Other regulations as identified in these policies and procedures.

1.7.3 Security funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

1.7.4 **Components of Internal Control**: There are five components of internal control that should reasonably assure compliance with laws, regulations, and other Focus on Energy compliance requirements. Management of Program Contractors should consider each of these characteristics when developing a system of maintaining data related to Focus on Energy. An assessment of control procedures can be completed at any time throughout the duration of the contract. The five components of internal control are listed in Table 1 below, along with the important elements of each.
Table 1. Components of Internal Control

<table>
<thead>
<tr>
<th>Component of Internal Control</th>
<th>Important Elements</th>
</tr>
</thead>
</table>
| Control Environment          | • Code of conduct.  
                              | • Committee for ensuring that regulatory, audit (internal and external) and other similar recommendations are addressed.  
                              | • Responsiveness to recommendations.  
                              | • Respect and adherence to compliance requirements.  
                              | • Responsibilities clearly defined.  
                              | • Adequate knowledge and experience to discharge responsibilities.  
                              | • Staff receives adequate training/direction to perform duties.  
                              | • Management's support of adequate information and reporting system. |
| Risk Assessment               | • Staff understands compliance objectives.  
                              | • Organizational structure identifies noncompliance.  
                              | • Process established to implement changes in objectives and procedures.  
                              | • Management performs a risk assessment of organization over noncompliance. |
| Control Activities            | • Procedures clearly written and communicated.  
                              | • Management prohibits overriding established controls.  
                              | • Adequate segregation of duties exists.  
                              | • Controls exist for computer programs and data.  
                              | • Assets physically compared to recorded amounts.  
                              | • Financial information and program results are reviewed. |
| Information and Communication | • Separate identification of Focus on Energy transactions exist.  
                              | • Adequate source documentation exists.  
                              | • Record retention requirements are followed.  
                              | • Reports provided timely to managers.  
                              | • Reports reviewed to ensure accuracy.  
                              | • Established communication channels. |
| Monitoring                    | • Built-in monitoring through independent reviews.  
                              | • Site visits performed.  
                              | • Follow up on irregularities.  
                              | • Management meets with independent evaluators.  
                              | • Routine tests for noncompliance.  
                              | • Assess adequacy of corrective action. |
POLICY: Record Maintenance

The policy established herein provides guidance on the requirements for retaining records pertinent to Focus on Energy contracts, including unlimited access to documents, type and acceptable format of required records, and a retention period.

I. Record Maintenance

In order to protect the legal and financial interests of Focus on Energy, Program Contractors shall retain full and complete records concerning program operations. However, keeping records is not sufficient. Records must be created, organized, and disposed of systematically and efficiently, or they become a burden to the Program Contractors.

II. Access to Records

All data and records kept for Focus on Energy are the property of Focus on Energy. Records shall be so arranged, filed, and indexed that they may be readily identified and made available to representatives of the Public Service Commission.

2.1 The Public Service Commission or its designee shall have access at any time and the right to examine, audit, excerpt, transcribe and copy on the Program Contractors premises any directly pertinent records and computer files involving transactions relating to the contract. Similarly, the Public Service Commission shall have access at any time to examine, audit, test and analyze any and all physical programs subject to the contract.

2.2 If the material is held in an automated format, the Program Contractors shall provide copies of these materials in the automated format or such computer file as may be requested by the Public Service Commission.

2.3 All requests for records under the Wisconsin Open Records Law Wis. Stat. § 19.31-19.39 (2003) are to be submitted to:

Carol Stemrich
Assistant Administrator, Gas and Energy Division
Public Service Commission
P.O. Box 7854
610 N. Whitney Way
Madison, WI 53707-7854
Office: 608.266.8174

III. Required Records:

3.1 The minimum acceptable financial records for Focus on Energy consist of:

- Documentation of employee time in quarter hour increments (timecards);
- Documentation of all equipment, materials, supplies and travel expenses;
- Inventory records and supporting documentation for allowable equipment purchased to carry out the scope of work;

Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.
• Documentation and justification of methodology used in any in-kind contributions;
• Rationale supporting allocation of space charges;
• Rationale and documentation of any administration costs;
• Documentation of contract services and materials;
• Documentation of competitive procurement practices for products and services purchased as a result of the award;
• Documentation of submittals and required approvals for all deliverables, subcontracts, insurance certificates, etc.; and
• Any other records which support charges to Focus on Energy funds.

3.2 Program Contractors shall assure the availability of records of services performed by Subcontractors for the periods indicated herein, in a manner similar to its own financial records.

3.3 Program Contractors must also retain records relating to appeals, disputes, or litigation arising out of the performance of Focus on Energy.

IV. Protection and Storage of Records:

4.1 Program Contractors shall provide reasonable protection for program and financial information from damage by fires, floods, and other hazards and, in the selection of storage spaces, safeguard the records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

4.2 Records maintained in electronic, magnetic, micrographic, optical and other similar methods should be stored in a controlled environment with temperature and humidity ranges within reasonable guidelines.

4.3 Program Contractors shall be diligent in the backup procedures used to maintain financial information. Backups should be rotated regularly and kept in a secure, climate controlled facility.

4.4 Program materials containing Sensitive Information or private information about program participants must be stored in a manner consistent with the Information Security and Confidentiality Policy.

V. Retention of Records:

5.1 Program Contractors shall retain financial records related to the Program for six years following final payment on the contract.

5.2 Legal records shall be retained by the Program Contractors until all litigation, claims or audit finding involving the records have been resolved, or for a period of six years from the date of final payment on the contract, whichever is later.
VI. Destruction of Records

6.1 When the retention period has expired, the destruction of the records may be performed in any manner elected by the Program Contractors in a manner consistent with the Information Security and Confidentiality Policy. Appropriate precautions should be taken when destroying information that is forbidden by law to be divulged to unauthorized persons.

6.2 When records are destroyed or lost before the expiration of the prescribed period of retention, a certified written statement shall be filed with the Public Service Commission within 90 days of discovery of such destruction or loss. The statement shall include a list of the records destroyed or lost, as near as can be determined, and a report describing the circumstances related to the premature destruction or loss.
POLICY: Audits

The policy established herein provides expectations of Program Contractors during compliance audits.

I. As outlined in each contract, the Public Service Commission has the right to perform compliance audits on Program Contractors and to select which Program Contractors are to be audited. The Public Service Commission will provide a list to the Compliance Agent listing the organizations to be audited.

II. The compliance audits are to be completed by the Compliance Agent and are expected to take several days. For the Program Contractors, the audit will be performed on-site. In some instances, the Program Contractors may accompany the Compliance Agent for all or a portion of the time the audit is taking place. This is at the discretion of the Public Service Commission and the Compliance Agent. For some Program Contractors located outside of the State of Wisconsin, the audit may be conducted by mail, with written documentation for the Subcontractor to complete and return.

2.1 Program Contractors are required to follow requirements of the Record Maintenance Policy.

2.2 In addition to structuring the audit to verify compliance with items in this manual other general items to be tested by the Compliance Agent will include:

- Compliance with Program and Cost principles.
- Accounting functions, including internal controls.
- If applicable, review prior audit findings and corrective action plans to verify changes have occurred. Failure to make corrections may result in contract termination.

III. Audit Preparation

3.1 Program Contractors are required to assist the Compliance Agent in completing the audit. The following is a brief list of potential items that will need to be completed by the Program Contractors before the Compliance Agent arrives to perform the audit:

- Providing copies and supporting documentation for all costs claimed on invoices charged to the Public Service Commission;
- Having available payroll and disbursement journals;
- Pulling supporting documentation for random payroll and disbursement testing;
- Providing documentation of bidding process for awarding contracts to Subcontractors;
- Preparing memos or flowcharts documenting internal controls; and
- Providing time-stamped incentive applications and documentation supporting the incentive (application documents, workbooks, notices, etc.)
3.2 After receiving a list from the Public Service Commission of Program Contractors to audit, the Compliance Agent will notify the Program Administrator and the Public Service Commission of the Audit Schedule.

IV. Audit Completion

4.1 A representation letter will be requested from management of the Program Contractors at the conclusion of the audit. Among other things, the letter will state that the Program Contractors has provided the Compliance Agent with all records relating to Focus on Energy and, to the best of their knowledge, the Program Contractors have complied with all laws and policies affecting Focus on Energy.

4.2 The Compliance Agent will be responsible for reporting to the Public Service Commission upon completion of the audit. The report to the Public Service Commission will address the scope of the work performed as well as discuss any findings noted in the audit. If findings are noted during the audit, they will be discussed with Program Contractors before the draft audit report is created. The Program Contractors will have the opportunity to provide a written response to the findings that appear in the final report. This written response should include an explanation and if necessary a corrective action plan for the finding. The Public Service Commission will approve or disapprove the plan and contact the Program Contractor directly if reimbursement/further action is required.

4.3 The Compliance Agent and Program Contractors should follow the timeline in Table 2 below to ensure efficient completion of the compliance audit:

<table>
<thead>
<tr>
<th>Task</th>
<th>Timeline**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Compliance Agent conducts audit and exit interview.</td>
<td>1-4 days</td>
</tr>
<tr>
<td>2 Follow-up on preliminary findings and provide additional information.</td>
<td>10 days</td>
</tr>
<tr>
<td>3 Auditee provides feedback before the draft Audit Report is created.</td>
<td>10 days</td>
</tr>
<tr>
<td>4 Audit Report is drafted by the Compliance Agent and sent to the Auditee for review.*</td>
<td>3 - 4 weeks</td>
</tr>
<tr>
<td>5 Draft Audit Report is reviewed by Auditee and responses for report are prepared/sent to the Compliance Agent.</td>
<td>10 days</td>
</tr>
<tr>
<td>6 Draft Audit Report sent to the Program Administrator for review after the Auditee has reviewed the report.</td>
<td>5 days</td>
</tr>
<tr>
<td>7 Draft Audit Report is reviewed by the Program Administrator and responses for report are prepared/sent to the Compliance Agent.</td>
<td>10 days</td>
</tr>
<tr>
<td>8 Final preparation of the report by the Compliance Agent and transmission of the report to the Public Service Commission, Program Administrator and the auditee.</td>
<td>10 days</td>
</tr>
<tr>
<td>9 Public Service Commission reviews Audit Report and approves Corrective Action Plan (if applicable).</td>
<td>5 days</td>
</tr>
</tbody>
</table>

*Audits of out-of-state Program Contractors should allow two additional weeks for the request and transmission of audit information

**All days are considered business days.
4.4 Should the Compliance Agent find that the Program Contractor has invoiced the Public Service Commission of a non-reimbursable expense, the Program Contractors shall reimburse Focus on Energy via a correction on the next invoice or a check made payable to the SEERA and sent to the Fiscal Agent upon request of the Public Service Commission.
POLICY: Procurement

The policy established herein provides guidelines related to the procurement of goods and services for Focus on Energy.

I. Background

1.1 Focus on Energy is funded by Wisconsin electric and natural gas ratepayers, and is not an agency of the State of Wisconsin. Accordingly, Focus on Energy Request for Proposals (RFPs) and the Focus on Energy contracting process are not subject to the State of Wisconsin or any governmental or public procurement statutes or administrative rules.

1.2 Program Contractors are required to solicit for proposals in a manner that provides for fair competition and gives reasonable notice of all solicitations. The notice will include the purpose, the selection criteria, application process, and all applicable solicitation deadlines.

II. Procurements: All opportunities to provide goods or services to Focus on Energy must appear, at a minimum, in an accessible and noticeable location on the Focus on Energy website www.focusonenergy.com. To protect the confidentiality of proposals, bidders will not be permitted to view other bidders’ proposals or score sheets related to other bidders’ proposals.

2.1 Contracts over $10,000: Program Contractors as agents of the Statewide Energy Efficiency and Renewable Administration (SEERA) are required to follow the guidelines for procurement as established in this policy for all Focus on Energy contracts of $10,000 or higher value.

2.1.1 Proposal Scoring: Accepted proposals shall be evaluated in a manner that ensures that bid evaluations are conducted with the highest ethical standards, that bid confidentiality is maintained, and that the process is thorough, fair and well-documented.

2.2 Contracts under $10,000: There is no formal bidding process established for contracts below $10,000 in value.

2.3 Multiple-Program Limit: An organization serving as a Program Implementer or Program Implementer Subcontractor on more than one (1) Focus on Energy Program shall not have more than thirty percent (30%) of the total Residential Portfolio or Business Portfolio.

2.4 Waiver of Bidding Process: The Public Service Commission may provide for a waiver of bidding when certain circumstances exist which preclude bidding, for instance when sole-source procurement is justified. Although the Public Service Commission has the ultimate decision in whether a contract over $10,000 does not need to be bid, all requests should be made through the Program Administrator, who will coordinate the request with the Public Service Commission. Any request not to bid a contract over $10,000 shall include a written business justification about why the particular contract should not be bid, and documentation that the resulting contract has competitive, market-based pricing.

Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.
2.4.1 **Inspection:** Program Contractors will maintain records relating to the waiver of the bidding process, including the business justification for not bidding a contract over $10,000 and for all Public Service Commission-granted waivers and exceptions per the records retention policy.

2.5 **Requirements:**

2.5.1 **Serial Contracting:** Serial Contracting (Serial Purchasing) is prohibited.

2.5.2 **Non-Collusion Statement:** Where more than one bid is solicited, each bid solicitation package must contain the following non-collusion statement:

"In signing this bid, the undersigned affirms that they are a duly authorized representative of the bidder submitting the competitive bid attached to this statement. The undersigned also affirms that neither they nor the bidder nor any of the bidder's employees, agents, or assigns has, either directly or indirectly, entered into any agreement, prepared this bid in collusion with any other party, or otherwise taken any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit a bid; that this bid has been independently arrived at without collusion with any other bidder, competitor or potential competitor; that the contents of this bid have not been knowingly disclosed or communicated by any employee or agent prior to the opening of bids to any other bidder or competitor or any other person engaged in this type of business; and that the above statement is accurate under penalty of perjury."

2.5.3 **Unlawful Benefits:** Program Contractors, their employees, agents or assign(s) shall not accept title or possession of any gifts or gratuities of substantial value, including property, currency, travel, or promise of future employment from any employee of Subcontractors or Customers.

2.5.4 **No Personal Gain:** No Program Contractor may use his or her position or office to obtain financial gain or anything of substantial value for the private benefit of himself or herself or his or her immediate family, or for an organization with which he or she is associated.

2.6 **Award Notification:** The winning bidder will be notified first. The winning bidder will have three business days to indicate acceptance of the award. Acceptance may be oral. Upon acceptance, other bidders will be notified of the outcome.

2.6.1 **Bidder Debriefs:** All unsuccessful bidders will be given the opportunity to participate in a “bidder debrief” to give bidders feedback on why their bid was not selected.

III. **Appeals:** Any unsuccessful bidders may submit a written appeal to the organization that released the RFP. The appeal must be as specific as possible and must present evidence that the RFP did not follow the *Focus on Energy Policy Manual* or the policies and procedures set forth in the RFP.
3.1 **Criteria for an Appeal:** The following criteria may qualify the unsuccessful bidder for an appeal. All other requests for an appeal will be rejected, including appeals contesting the discretion and scoring of the proposal review committee.

3.1.1 A violation of the policies and procedures outlined in the RFP or in the *Focus on Energy Policy Manual*, or

3.1.2 Evidence that the RFP process was not competitive.

3.2 **Appeal Submission:** Proposers may appeal an award decision by sending a written appeal within five business days of receipt of notification of the intent to award decision. The appeal must:

- Specify the basis of the appeal and provide all evidence to support such basis;
- Include the signer’s name;
- Include a mailing address;
- Include a daytime telephone number; and
- Be submitted to the issuer of the RFP.

3.3 **Appeal Review**

3.3.1 The Program Administrator designee will initially review the appeal to determine if it meets the criteria for an appeal.

3.3.2 If the appeal is accepted, it will be reviewed by an Appeals Committee comprised of at least three persons who were not directly associated with the evaluation of the proposals. The Committee must include at least one member of the Program Administrator.

3.3.3 Within 10 business days from receipt of the appeal, the Appeals Committee will issue a final written decision, with notification to the Public Service Commission. The decision of the Appeals Committee will be binding, and there will be no additional consideration of the subject appeal.

3.3.4 A Proposer that fails to file an appeal within the time limits established above will be deemed to have waived its right to be heard by the Appeals Committee.

3.3.5 The entity issuing the RFP may proceed to contract with the selected bidder(s) even if an appeal is pending.

**IV. Program Implementer Subcontractor Terms and Conditions**

4.1 The Public Service Commission must approve the terms and conditions of contracts to be executed between Contractors and Subcontractors. The Program Administrator must approve the terms and conditions of contracts to be executed between Program Implementers and Program Implementer Subcontractors.
4.2 Refer to the flowdown provisions in Paragraph 32 of the Program Implementer contract with the Program Administrator for all subcontract terms and conditions requirements.
POLICY: SPECTRUM

This policy establishes guidelines for managing and using the Statewide Program for Energy Customer Tracking, Resource Utilization and Data Management (SPECTRUM), including increasing and maintaining Focus on Energy data’s integrity, data relevance, data reliability, data availability, protecting Sensitive Information; and enabling proper access to data and storage of data in SPECTRUM. This policy applies to all Program Contractors that develop, maintain, or use SPECTRUM.

I. Data, Ownership, and Usage

1.1 SPECTRUM is the property of the Statewide Energy Efficiency and Renewable Administration (SEERA).

1.2 The Public Service Commission of Wisconsin (PSC) retains authority as the administrator of SPECTRUM. As such, the PSC shall make all final decisions related to SPECTRUM.

1.3 Whenever possible, staff will utilize the SPECTRUM CRM system. This includes using SPECTRUM for: budgeting, reporting incentive processing, account/trade ally management, activity tracking, marketing, etc.

II. Responsibilities of the Program Administrator

2.1 The Program Administrator shall employ an IT systems team that will assist the Commission staff representative in all matters regarding the maintenance, support, and ongoing improvement of SPECTRUM and other key Focus on Energy Program systems. The systems team will consult with and work through the Commission representative for all matters related to SPECTRUM, and any decisions related to SPECTRUM are subject to the approval of Commission staff.

2.2 Any and all requests for access to SPECTRUM from Program Contractors, Utilities, etc., shall be directed to the Program Administrator, which will send the requests to Commission staff for review and approval, all in accordance with the requirements of the Policy Manual.

2.3 The Program Administrator shall issue any and all requests for inclusion of new measures or measure changes in SPECTRUM and will send the requests to Commission staff for review and approval.

2.4 The Program Administrator shall serve as the first line of technical support for all SPECTRUM users. This includes reviewing, evaluating, and when possible, resolving system issues that arise.

2.5 The Program Administrator shall provide training and assistance to all Program Administrator, Program Implementer, and Program Implementer Subcontractor staff when requested and through pro-active outreach. This includes hosting working groups, developing how-to videos, etc.
2.6 The Program Administrator shall ensure that each Program Implementer and Program Implementer Subcontractor has an adequate internal training plan that adheres to the Focus on Energy and SPECTRUM-specific policies and procedures. All new users must be required to have a baseline of knowledge before they start using the system.

2.7 The Program Administrator shall develop and maintain processes for monitoring data quality in all areas of SPECTRUM.

2.8 The Program Administrator shall evaluate the data being collected to ensure it has a legitimate use for core Focus on Energy Program goals and/or objectives.

2.9 The Program Administrator shall ensure that all key performance indicators (KPIs) in Program Administrator’s contracts with Program Implementers and other data reporting provisions are feasible both from a data collection and reporting standpoint before program plans are developed.

2.10 The Program Administrator shall perform monthly reviews of user activity to ensure that all licenses are being utilized. Users that have licenses but are not accessing the system are to be deactivated.

2.11 The Program Administrator shall assist Commission staff in the updates of the SPECTRUM Reference Guide and other supporting documentation. Program Administrator users shall follow the procedures and conventions outlined in the SPECTRUM Reference Guide.

2.12 The Program Administrator shall assist with monitoring and cleanup of SPECTRUM data as directed by the Commission staff.

2.13 The Program Administrator shall maintain a MS SharePoint system that provides access for Program Implementers, the Program Administrator, and Commission staff. The system is considered owned by the program and will eventually be located on a hosted service as determined by the Commission.

2.14 The Program Administrator shall maintain up to date and sufficient information technology systems (software, hardware, network speeds, etc.) to enable staff to fully access and utilize SPECTRUM in a proficient manner.

2.14.1 To ensure this is being met, the Program Administrator will cooperate with the Commission in conducting a test. The test will be done by running a speed test on the website “speedtest.org”. The upload and download speed results must fall within 10 mbps of the median (all SPECTRUM using organizations) in order to be considered in compliance. This test will be conducted semiannually or as determined by the Commission.
2.14.2 Any organization not in compliance will be required to repeat the test on a monthly basis until such time as the results meet or exceed the requirement. If the speed requirement is not met by any organization after 6 months of non-compliance, 15% of the labor line of all invoice balances otherwise owed to the organization that is not in compliance will be held back until compliance is achieved. The Commission may alter the testing requirements and methods as technology needs progress or better testing methods are created.

2.15 The Program Administrator shall ensure that Program Implementers and Program Implementer Subcontractors use the functions in SPECTRUM to the maximum degree feasible for effective delivery of their Program(s). Unless given a waiver by the Commission, no other system shall be used by the Program Administrator or any of its Program Implementers or Program Implementer Subcontractors that replicates or overlaps SPECTRUM functionality. This includes but is not limited to storing large amounts of Program data. The Program Administrator shall maintain a list of all databases, software, and applications used by each of the Implementers to access SPECTRUM and provide it for Commission review.

III. Responsibilities of Program Implementers and Program Implementer Subcontractors

3.1 Each Program Implementer will provide and designate staff as front line support for their staff for SPECTRUM issues. The front line support staff should have a high level of system knowledge and either be on the SPECTRUM Users or Implementer Support Group.

3.2 Each Program Implementer Support Group member will utilize the JIRA system for all new users requests, user deactivations, workflow requests, etc.

3.3 Each Program Implementer or Program Implementer Subcontractor shall ensure that its entire staff is fully trained on system usage including correct processes for handling accounts, applications, and overall data integrity.

3.4 Each Program Implementer or Program Implementer Subcontractor shall follow the system policies and procedures in the SPECTRUM Reference Guide and the instructions/procedures that are published for specific tasks. Ex. Merging accounts.

3.5 Each Program Implementer or Program Implementer Subcontractor shall develop and maintain processes for monitoring data quality in all areas of SPECTRUM.

3.6 Each Program Implementer or Program Implementer Subcontractor shall evaluate the data being collected to ensure it has a legitimate use for core Focus on Energy Program goals and/or objectives.

3.7 Each Program Implementer or Program Implementer Subcontractor shall ensure that all key performance indicators (KPIs) and other data reporting provisions are feasible both from a data collection and reporting standpoint before program plans are developed.
3.8 Each Program Implementer or Program Implementer Subcontractor shall reviews their programs user activity to ensure that all licenses are being utilized. Users that have licenses but are not accessing the system are to be deactivated.

3.9 Each Program Implementer or Program Implementer Subcontractor shall assist Commission staff in the updates of the SPECTRUM Reference Guide and other supporting documentation.

3.10 Each Program Implementer or Program Implementer Subcontractor shall assist with monitoring and cleanup of SPECTRUM data as directed by the Commission staff.

3.11 Each Program Implementer or Program Implementer Subcontractor shall maintain up to date and sufficient information technology systems (software, hardware, network speeds, etc.) to enable staff to fully access and utilize SPECTRUM in a proficient manner.

3.11.1 To ensure this is being met, the Program Implementer or Program Implementer Subcontractor will cooperate with the Commission in conducting a systems test. The test will be done by running a speed test on the website “speedtest.org”. The upload and download speed results must fall within 10 mbps of the median (all SPECTRUM using organizations) in order to be considered in compliance. This test will be conducted semiannually or as determined by the Commission.

3.11.2 Any organization not in compliance will be required to repeat the test on a monthly basis until such time as the results meet or exceed the requirement. If the speed requirement is not met by an organization after 6 months of non-compliance, 15% of the labor line of all invoice balances otherwise owed to the organization that is not in compliance will be held back until compliance is achieved. The Commission may alter the testing requirements and methods as technology needs progress or better testing methods are created.

3.12 Each Program Implementer or Program Implementer Subcontractor shall use the functionality in SPECTRUM to the maximum degree feasible for effective delivery of their Program(s). Unless given a waiver by the Commission, no other system shall be used by the Program Administrator or any of its Implementers that replicates or overlaps SPECTRUM functionality. This includes but is not limited to storing large amounts of Program data. The implementer must provide a list of all software/iPad/databases used to access SPECTRUM and provide it for Commission review.

IV. Security, Archiving and Data Retention

Database security, archiving, and retention shall comply with requirements established in the Information Security and Confidentiality Policy as well the SPECTRUM Reference Guide.
4.2 Users shall be granted security roles that limit access to SPECTRUM capabilities and data, depending on that user’s role with Focus on Energy. These access privileges shall be granted by the Program Administrator. The user roles are defined in the SPECTRUM Reference Guide.

4.3 Employees that no longer work on Focus on Energy must be removed from SPECTRUM immediately. Failure to do so could result in that user causing a significant amount of damage in several areas. Damage resulting from unauthorized users is the responsibility of the organization that user works/worked for. Costs to repair or recover lost data will be charged to the appropriate party.

4.4 SPECTRUM Users must be an employee of an organization contracted with the program by the PSC or Program Administrator in order be granted access to SPECTRUM. All new users shall be required to complete the Information Security and Confidentiality training.
POLICY: Costs, Invoices, and Budgets

The policy established herein provides Program Contractors with the information necessary to obtain payment for services provided; as well as to provide Program Contractors with clearly defined rules regarding expense tracking and budget submittal.

I. Background: In order to receive payment for services provided, Program Contractors must adhere to specific requirements for submission of invoices related to contact information, invoice format, and timing.

Focus on Energy utilizes two check runs per month in order to minimize the time it takes for customers to receive incentive payment. The Program Administrator will develop a schedule at the start of every calendar year to determine incentive submittal deadlines and check payment dates for the year. The schedule will be a collaborative effort between the Program Administrator, Contractors, and the Fiscal Agent. The schedule must be reviewed and approved by the Public Service Commission prior to implementation.

1.1 First Check Run: This check run pays incentives to Focus on Energy Customers and Trade Allies and occurs in accordance with the submittal timeline for the program year in question as established by the Public Service Commission in consultation with the Fiscal Agent. Contractors submitting invoices directly to the Public Service Commission may also be paid on this check run at the Public Service Commission's discretion. Incentives for payment shall be obtained from the SPECTRUM database maintained by the Public Service Commission and the Program Administrator.

1.2 Second Check Run: This check run pays incentives to Focus on Energy Customers and Trade Allies as well as invoices from Program Contractors.

1.2.1 The Program Administrator and Contractors (contracting with the SEERA or the Public Service Commission) are required to submit month end invoices to the Public Service Commission in accordance with the submittal timeline for the program year in question as established by the Public Service Commission in consultation with the Fiscal Agent.

1.2.2 Program Implementers and Program Implementer Subcontractors are required to submit monthly invoices for the period in which the work performed is being invoiced or as determined by their contract, or on a schedule specified by the Program Administrator and approved by the Public Service Commission. Example: The Program Administrator’s invoice for April should contain the cost of work done by the Program Administrator, and their Subcontractors for that April.

1.2.3 Costs being submitted for reimbursement must be previously incurred. No payment shall be made for costs not yet incurred without approval of the Public Service Commission.

1.2.4 Electronic payments are required instead of paper checks for all contracts exceeding $5,000 annually.
1.3 Budgets of Contractors contracting directly with the SEERA or the Public Service Commission may be updated during this process at the discretion of the Public Service Commission. All budget shifts will be indicated on the invoice. The Program Administrator may move Focus on Energy funds within the budget categories of the Business and Residential Portfolios. Funding shifts of amounts greater than $500,000 requires prior written approval from the Public Service Commission. The Program Administrator shall summarize all budget adjustments, regardless of dollar amount, on the budget spreadsheets when submitting an invoice.

1.4 The Public Service Commission shall have five days after receipt to review invoices. The Public Service Commission will either approve the invoice for payment or inform the Program Contractors in writing of any disputed amount and the basis for such dispute. Any undisputed amounts shall be approved for payment by the Public Service Commission. All payment approvals will be sent by email from the Public Service Commission to the Fiscal Agent.

1.5 The Fiscal Agent will have two business days to process the checks. Ideally, checks will be sent out on the 28th of the month received. Due to the holiday and weekend schedules, this date and duration may vary slightly. See the check run schedule for the specific dates and processing times.

1.6 All invoices must be received by the deadline for the last check run of that program year. Invoices received after this date will be paid at the sole discretion of the Public Service Commission. Request for these types of payments must be made in writing to the Program Administrator who will forward the request to the Public Service Commission.

1.7 Invoice Disputes: If an invoice is disputed by the Public Service Commission, the Program Administrator, Contractor, or Subcontractor shall answer the Public Service Commission’s concerns in writing within five business days of the receipt of written notice from the Public Service Commission. If the parties cannot resolve the dispute within 10 business days after receipt of the reply, both parties shall attempt to resolve the dispute in a written request to the SEERA. If the SEERA and the Program Administrator, Contractor, or Subcontractor cannot resolve the dispute within 10 business days after receipt of the written request, each party may pursue its available judicial or other remedies.

II. Invoice Requirements:

2.1 Invoices from the Program Administrator, Program Implementer, or Program Implementer Subcontractor must be entered and paid through SPECTRUM.

2.2 An invoice in SPECTRUM may only contain information for one organization. Implementation subcontractors or subcontractors the Program Administrator uses must appear on separate system invoices under the specified account.
2.3 Templates: Any templates used for supporting documentation of invoices will be maintained and created by the Program Administrator. The Public Service Commission will approve all templates.

2.3.1 All travel receipts will be scanned and uploaded with the monthly invoice.

2.4 Check Writing – All checks issued to customers, trade allies, and Program Contractors will be from the Fiscal Agent unless the Public Service Commission approves an alternative plan.

2.5 If approval for an alternate delivery method is given, all non-Fiscal Agent issued customer checks must prominently mention Focus on Energy. It is preferable to have the actual logo present. It should be readily apparent to any customer that the incentive they are receiving is coming from Focus on Energy.

2.6 Hand Delivery of Checks: The Program Administrator may request hand delivery of incentive checks to customers in excess of $20,000 by notifying the Fiscal Agent and the Public Service Commission prior to the check run. A small number of Program Administrator representatives will be preauthorized for check pickup. Authorized representatives picking up a check must sign a log at the Fiscal Agent. Refer to the Procedure for Hand Delivery of Incentive Checks.

III. Cost Principles

3.1 General Income and Cost Classification: There are two classifications used to define the flow of money into and out of the program fund.

3.1.1 Direct Costs: A direct cost (i.e. program cost) is any cost that relates specifically to Focus on Energy. For example, the salary of an employee who devotes all of his or her time to the performance of program objectives can be charged as a cost to Focus on Energy. All direct cost purchases and activities funded by Focus on Energy dollars are subject to full recovery by Focus on Energy.

3.1.2 Program Income: This includes all income that an organization receives due to Focus on Energy-related activities or on behalf of Focus on Energy including, but not limited to, training fees and product subsidies.

3.1.2.1 In some cases, Program Contractors may receive income for program activities. In these cases, Program Income may be handled in two ways. The Public Service Commission must approve any type of plan regarding receiving income.

3.1.2.2 Method 1: The Public Service Commission may allow an invoice offset process upon request. Under an invoice offset process, the program income is deducted from the invoice expenses that are submitted. All invoice offsets must be specifically tracked by the Program Administrator.
3.1.2.3 **Method 2:** Program Income is sent into the Fiscal Agent every quarter. All funds must be held in an FDIC-insured account until they are sent in. All interest received from program income belongs to Focus on Energy and must be turned in every quarter. Any income received under this method will be reallocated at the discretion of SEERA and the Public Service Commission.

3.1.2.4 Estimates of Program Income are to be a part of all budget submittals and program plans. Any program income brought in by Program Contractors is to be clearly identified on all invoices. All program income is to have a unique account coding/account in the organization receiving it, so it is easily identified in an audit as Focus on Energy income. Failure to report program income is to be considered fraud.

3.1.2.5 Financing initiatives such as loan programs are exempt from this provision and will follow the reporting requirements approved in their respective plan/contract.

3.2 **Line Items:** Below are the line items all Program Contractors will utilize for all program planning, budgeting, and invoicing. More detailed cost breakouts in conjunction with the below standard line items can be used but must be grouped under the below as a subline. Ex. Marketing – Sponsorships, Events, Website, etc.

3.2.1 **Labor:** Labor costs include compensation to staff in the form of wages and fringe benefits as well as overhead (ex: IT, accounting, Payroll, etc.). This is also referred to as the billing rate. Companies will not be asked for a specific dollar breakout of what constitutes their billing rates. However, they must disclose the types of costs included and the allocation method being used to determine it. Any bonus structure should be disclosed to the appropriate contracting agency and be stored with the other contract documents.

3.2.2 **Supplies:** Consumable items with short useful lives and equipment under $500.

3.2.3 **Travel:** Mileage, meals, hotel rooms, etc. Refer to the *Focus on Energy Travel Policy* for additional details.

3.2.4 **Marketing:** Includes costs associated with advertising, sponsorships, printing materials and other related activities.

3.2.5 **Equipment and Other Capital Expenditures:** Any type of tangible equipment or item that is specifically purchased and used for Focus on Energy work. Items that are $500 or greater will need to be tracked and inventoried. Focus on Energy retains the ownership rights to equipment at this price level if purchased with solely Focus on Energy funds. Any equipment purchased with Focus on Energy funding (regardless of the cost) cannot be used for any other program, customer, or line of business.
3.2.6 **Incentives:** Expenditures that directly result in lower costs for the customer. These can include, but are not limited to product buy downs, instant rebates, mail in rebates, and grants. Alternative incentives such as spiffs (salesperson incentive) should be included as a sub line.

3.2.7 **Subcontractors:** Individuals or organizations hired for program activities. There can be no mark-up or profit to the contracting agency or agent thereof on any subcontractor costs, unless specifically approved in writing by the Public Service Commission. Any approval will be a standalone approval and contain an outline of the request and justification for it. It cannot be part of any other budget, billing rate, policy approval, etc. The subcontractors line (budget and invoice) is only for subcontractors that are expected to incur $5,000 or less in a calendar year. Any subcontractor that will incur more than this must be documented under that organization’s name.

3.2.8 **Other Direct Costs:** Miscellaneous costs that do not fit into any other line item (e.g. trade association memberships).

3.2.9 Under certain circumstances, per unit billing will be permitted. If so it must be reviewed and approved by the Public Service Commission and will be part of the contract. This is typically done in direct install activities.

**IV. Expense Type:** All Focus on Energy expenditures can be classified into one of the types listed below:

4.1 **Oversight Administration:** Costs incurred by the Public Service Commission and the SEERA.

4.2 **Program Administration:** These are costs incurred by the Program Administrator for administration of the Focus on Energy, portfolios (Residential, Business, Research). The primary duties involved in program administration include:

4.2.1 Program Development: Design, planning, portfolio balancing including establishing energy savings goals, targets, incentives levels provided and other metrics.

4.2.2 Contract management with the SEERA, Public Service Commission, Contractors, and Subcontractors.

4.2.3 Reporting on program activities as specified in the contract.

4.2.4 Financial management activities: i.e. income and expense tracking, invoicing, budget development and monitoring.

4.2.5 Communication and coordination between programs and with stakeholders, which includes: Marketing coordination and oversight; utility communication on program offerings and coordination on voluntary programs; state and federal program entities.
4.2.6 Incentive Payment Management: Form development, processing and quality control, and customer service.

4.2.7 SPECTRUM management, support and quality control (all data and applications).

4.3 Program Implementation Costs: These are costs incurred by the Program Implementers and Program Implementer Subcontractors for activities necessary to achieve program energy savings goals, market effects or other deliverables described in the Program Contractor's contract.

4.3.1 In general, program implementation refers to interaction, either in person, by phone, or by email with Customers, Trade Allies, Utilities, and others stakeholders who are on the receiving end of program activities. These costs also include education and training activities, assisting with research, outreach and information services (website, call center), and marketing labor costs, which are not always directly attributable to a specific goal, but assist in delivering the program nonetheless.

4.4 Incentives: Expenditures that directly result in lower costs for the customer. These can include, but are not limited to, product buy downs, instant rebates, mail in rebates, and grants. Alternative incentives such as spiffs (salesperson incentive) should be included as a sub line.

4.5 Marketing: These are for costs paid directly to marketing subcontractors, advertisers, sponsorships, brochure printing, etc. Only subcontractors hired solely for marketing should be included in this category.

4.6 Program Support: Costs incurred by the Fiscal Agent.

4.7 Program Compliance: Costs incurred by the Compliance Agent.

4.8 Program Evaluation: Costs incurred by the Evaluation Contractor.

4.9 Other: Used for costs incurred directly by the SEERA which do not fit into one of the previously mentioned categories.

V. Allowable and Non-Allowable Costs: The following principles are general guidelines to be applied in determining whether costs are allowable. Failure to mention a particular item of cost is not intended to imply that it is non-allowable; rather, determination of allowable costs for a specific case should be based on the treatment of principles provided here for similar items of cost.
5.1 The specific authority for direct costs allowed or prohibited under Focus on Energy are found in provisions of contract agreements and as otherwise determined by the Public Service Commission. This guidance does not dictate or limit the amounts which Program Contractors may spend. However, it does specify what direct costs may or may not be reimbursable from the Public Service Commission. Any expenses that the Program Contractors consider unusual should be discussed with the appropriate contracting agency prior to incurring the cost.

VI. General Allowable Cost Principles: The general principles determining whether direct costs are allowable under Focus on Energy include but are not limited to the following:

6.1 Costs must be incurred subsequent to the date of a signed contract agreement, except as authorized in writing by the Public Service Commission. If the Program Administrator or a Program Contractor is given a letter of authorization from the Public Service Commission, that entity can provide authorization to its subcontractors to commence work and incur costs. Subcontractor authorizations must be for the same time duration.

6.2 Costs must be reasonable and necessary for the performance and administration of objectives associated with Focus on Energy.

6.3 Costs must be given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

6.4 Costs must conform to any limitations or exclusions set forth by sound business practices, arms-length transactions, state or local laws, contract agreements, or other governing regulations as to types or amounts of cost items.

6.5 Costs must be documented in accordance with the accounting requirements set forth in this policy.

6.6 Costs must be auditable (i.e. supported by proper documentation such as itemized receipt, invoice, missing receipt form, etc.).

6.7 Costs cannot be duplicative.

6.8 Total costs charged cannot exceed the authorized budget and cannot exceed actual expenses incurred.

6.9 Costs may not be charged to Focus on Energy based on available contract amounts or amounts received to-date. Extra or additional costs outside of the contract are the responsibility of the Program Contractors.
VII. Specific Allowable Costs: Information on specific allowable costs is listed below:

7.1 Audits: Costs for an independent audit are allowable and are considered normal business operating expenses. However, independent audit costs must be assigned by some systematic allocation method and must be allocated to Focus on Energy on a consistent and equitable basis. Costs incurred related to compliance audits required by the Public Service Commission are allowable.

7.2 Bid and Proposal Costs: The costs incurred in preparing and reviewing requests for bids or proposals to subcontract a portion of Focus on Energy administration or implementation are generally allowable if the Program Contractors follow the provisions established in this policy. Costs incurred by the bidding party in responding to requests for proposals are not allowable.

7.3 Educational Activities and Special Event Costs: The term education activities and special events costs means the costs of hosting or participating in training, workshops, seminars, or other events related to the Focus on Energy objectives. This includes all reasonable costs related to the event, provided the event’s primary purpose is to meet Focus on Energy objectives. The following are generally considered allowable costs:

- Cost of renting space to hold the event.
- Salaries for staff who are actively working at the event.
- Costs of educational materials that accompany the event.
- Salaries and/or allowances for presenters at the event, provided that presenters qualified in relation to the objectives of Focus on Energy.
- Costs to use equipment at the event (i.e. equipment used to assist presenters in disseminating information).
- Costs associated with marketing the activity or event.
- Co-sponsorship of an event with other organizations.
- Other costs reasonable and necessary for a successful event.

7.4 Equipment and Other Capital Costs: For the purposes of this section, “equipment” means an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the capitalization level of $500. This section includes only direct purchases of equipment and not those items included as part of an entity's indirect charge rates.

7.4.1 Acquisition cost means the net invoice unit price of an item of equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation shall be included when determining if the $500 threshold has been met.
7.4.2 Capital expenditures for equipment directly related to Focus on Energy are allowable as program costs, provided that items with a unit cost of $5,000 or more in aggregate have prior approval from the Public Service Commission. All equipment items purchased with Focus on Energy funds are property of the SEERA. In the event of a dissolution or withdrawal from Focus on Energy, all property purchased with Focus on Energy funds will be retained by the Focus on Energy.

7.4.3 Capital expenditures for land or buildings are non-allowable as a program cost except with prior written approval from the Public Service Commission.

7.4.4 Capital expenditures for improvements to land, buildings, or equipment that materially increase their value or useful life are non-allowable as a program cost except with the prior written approval of the Public Service Commission.

7.5 Evaluation Costs: Focus on Energy contracts include an allowance for costs incurred to aid the Evaluator in performing duties for the Focus on Energy. Examples include:

- Development of ongoing evaluation plan.
- Evaluation of energy efficiency programming efforts.
- Reporting-related requirements.
- Coordination with selected advisory groups.
- Costs incurred to collect data for evaluation.

7.6 Lobbying: Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement may be allowable with prior Public Service Commission approval.

7.7 Marketing and Public Relations Costs: The term marketing costs means the costs of full service marketing services, concepts and campaign strategy planning, media placement, print products development, electronic/multi-media production, business to business marketing, advertising media, etc. Advertising media includes magazines, newspapers, radio and television programs, direct mail, exhibits, and other similar items. Typical allowable marketing costs are:

- Development of a marketing plan, timeline and budget and submitting progress reports to the Public Service Commission.
- Marketing activity coordination, including scheduling events, media buys, style guide, etc.
- Promotional materials for education and training events, providing that materials include the required notation identifying Focus on Energy.
- Website management.
- Preparing and submitting detailed progress reports on marketing to the Public Service Commission.
- Procurement of goods and services for the performance of contract obligations.
- Developing a request for proposal for procuring contracts.
- Other specific purposes necessary to meet the requirements of Focus on Energy.
7.8 **Public Relations Costs:** The term public relations includes community relations and means those activities dedicated to maintaining or promoting understanding and favorable relations regarding particular Program elements with target audiences, the public at large or any segment of the public. Typical allowable public relations costs are:

- Costs specifically required by the contract.
- Coordination of all public information releases through a marketing contractor.
- Communicating with the public and press pertaining to specific activities or Program accomplishments.
- Obtaining Public Service Commission approval for all press releases.
- Conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of contract awards, financial matters, etc.
- Obtaining Public Service Commission approval for and implementing a public image management strategy.
- Preparing and submitting detailed progress reports on public relations to the Public Service Commission.

7.9 **Materials and Supply Costs:** The costs of materials and supplies necessary to carry out contract objectives are allowable. Such costs should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the organization. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges may be a proper part of material cost. Materials and supplies charged as a program cost should include only the materials and supplies actually used for the performance of the contract and due credit should be given for any excess materials or supplies retained, or returned to vendors.

7.10 **Memberships, Subscriptions, and Professional Activity Costs:** Expenses for membership dues, subscriptions and sponsorships of organizations and events to support activities that further and complement the work of Focus on Energy may be allowable.

7.10.1 The Program Administrator shall submit a list of proposed memberships (in local chambers of commerce, relevant business and trade associations, energy efficiency research organizations, etc.) for each year to the Commission for review and approval by November 15 of the immediately preceding year. Additional membership opportunities which occur during the course of that calendar year must be submitted to the Commission for prior review and approval.

7.10.2 Program Implementers and Program Implementer Subcontractors must receive approval prior to joining and invoicing for such memberships, subscriptions, etc.
7.10.3 In general, membership dues, subscriptions and sponsorships should be held in the name of Focus on Energy. However, the Program Contractors may propose a representative or point of contact. Any membership held by the Public Service Commission will be held for the benefit and use of all Program Contractors under the Program, regardless of which vendor the appointed representative is with.

7.10.4 In some situations, Program Contractors may wish to maintain and fund their own business memberships, subscriptions or sponsorships. Focus on Energy funds will not be available to fund such expenses.

7.11 Related Party Transactions: A related party transaction occurs when one party to a transaction can influence the management or financial operating policies of the other party or a transaction is not performed at arm's length. Examples of related party transactions include transactions between:

- Affiliates or divisions of an organization.
- Principal owners of the organization.
- Management of an organization.
- Organizations under common control through officers or directors.
- Immediate family members of owners or management.
- Other parties that may prevent the other party from pursuing separate interests.

7.11.1 Related party transactions may be allowable if the parties act in a manner consistent with the public interest, which includes spending funds in a cost-effective manner. These types of transactions are allowable if:

- The cost meets criteria for allowable expenses outlined in this manual.
- The Program Administrator, Contractor or Subcontractor follows procurement and sub-contracting guidelines set forth in the Focus on Energy Procurement Policy.
- Dollars exchanged are similar to the market rate for goods and services; and there is no intent to personally profit from the transaction.

7.12 Salary and Wage Costs: Except as otherwise specifically provided in this manual, the costs of compensation for salaries and wages are allowable to the extent that:

7.12.1 Total compensation to individual employees is reasonable for the services rendered and conforms to the established policy of the organization and is consistently applied to both Focus on Energy and non-Focus on Energy activities.

7.12.2 Charges, whether treated as program implementation or program administration costs, are determined and supported with appropriate documentation.
7.12.3 When the organization is predominantly engaged in activities other than those sponsored by Focus on Energy, compensation for employees participating in Focus on Energy will be considered reasonable to the extent that it is consistent with compensation paid for similar work in the organization's other activities.

7.12.4 In cases where the kind of employees required for these activities are not found in the organization's other activities, compensation for employees participating in Focus on Energy will be considered reasonable to the extent that it is comparable to compensation paid for similar work in the labor markets in which the organization competes for the kind of employees involved.

7.12.5 All salaries and wages charged to Focus on Energy shall be supported by timesheets/payroll system indicating the number of hours worked by each employee in quarter hour increments, the number of hours related to activities performed for Focus on Energy, the employee’s signature or appropriate electronic approval, and proper documentation of approval from the employee’s supervisor or equivalent.

7.12.6 In order to support the allocation of administration costs, payroll records must be maintained for employees whose work involves two or more functions or activities and the distribution of the compensation between such functions or activities is needed to determine the organization’s administration cost rate(s) (i.e. an employee engaged part-time in administration cost activities and part-time in a direct function). Reports maintained by organizations to satisfy these requirements must meet the following standards:

7.12.6.1 The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e. estimates determined before the services are performed) do not qualify as support for charges.

7.12.6.2 Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

7.12.6.3 The reports must be approved by the individual employee, or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

7.13 **Focus on Energy Trademark Costs:** Expenditures which are necessary to maintain the Focus on Energy trademark are allowable.

7.14 **Transportation Costs:** Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered.
7.15 Travel Costs: Program Contractors are subject to reasonably follow the program’s travel guidelines, as summarized in the Travel Policy. Reimbursement claims must represent actual reasonable and necessary expenses incurred while conducting official business for Focus on Energy. Foreign travel requires prior written approval by the Public Service Commission.

VIII. Specific Non-Allowable Costs: Information on specific non-allowable costs is listed below. The following are general guidelines for expenses that will not be reimbursed by the Public Service Commission. Non-allowable expenses include but are not limited to the following:

8.1 Alcoholic Beverages: Costs of alcoholic beverages are non-allowable and must be credited from other indirect costs in computing the overall individual cost rates.

8.2 Automobile Costs (Organization Furnished): That portion of the cost of organization-furnished automobiles that relates to personal use by employees (including transportation to and from work) is non-allowable as fringe benefit or administration costs regardless of whether the cost is reported as taxable income to the employees.

8.3 Bid and Proposal Costs: Costs incurred by a bidder to prepare a proposal are non-allowable.

8.4 Capital Expenditures:

8.4.1 Capital expenditures for land or buildings are non-allowable as a program cost except with prior written approval from the Public Service Commission.

8.4.2 Capital expenditures for improvements to land, buildings, or equipment that materially increase their value or useful life are non-allowable as a program cost except with the prior written approval of the Public Service Commission.

8.5 Entertainment: Costs of amusement, diversion, social activities, ceremonials, and costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities are non-allowable.

8.6 Educational Activities and Special Events Costs:

8.6.1 Costs for an event that benefits a Program Administrator, Contractor or Subcontractor in activities unrelated to Focus on Energy are non-allowable.

8.6.2 Costs to attract presenters strictly for entertainment purposes are non-allowable.

8.7 Fines and Penalties: Costs of fines and penalties resulting from violations of, or failure of the organization to comply with federal, state, and local laws and regulations are non-allowable except when incurred as a result of compliance with specific provisions of the contract or instructions in writing from the Public Service Commission.

8.8 Goods or Services for Personal Use: Costs of goods or services for personal use by the organization’s employees are non-allowable.
8.9 **Labor Relations**: Costs incurred in maintaining satisfactory relations between the organization and its employees, including costs of labor management committees, employee publications, and other related activities are non-allowable.

8.10 **Lobbying**: The costs associated with the following activities are non-allowable.

8.10.1 Attempts to influence the outcomes of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity.

8.10.2 Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections.

8.10.3 Any attempt to influence: (i) The introduction of federal or state legislation; or (ii) the enactment or modification of any pending federal or state legislation through communication with any member or employee of the congress or state legislature (including efforts to influence state or local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation.

8.10.4 Any attempt to influence: (i) The introduction of federal or state legislation; or (ii) the enactment or modification of any pending federal or state legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign or letter writing or telephone campaign.

8.10.5 Any attempt to influence: Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in non-allowable lobbying.

8.11 **Marketing and Public Relations Costs**: The cost of advertising, marketing and public relations designed solely to promote the contracted organization are non-allowable under any circumstances.

8.12 **Meal Costs**: Meals purchased for clients, customers, business associates, etc. are non-allowable costs. Meal costs for meetings held for Program Contractors, Trade Allies, Utilities and other key stakeholders are allowable, but must conform to the meal limits defined by the U.S. General Services Administration (GSA) and must be pre-approved by the Program Administrator:

Uncontrolled when printed. These policies are applicable to all Focus on Energy Representatives, except where superseded or modified by the Public Service Commission.
8.13 **Organization Costs**: Expenditures, such as incorporation fees, brokers fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselors whether or not employees of the organization, in connection with establishment or reorganization of an organization, are non-allowable except with prior written approval of the Public Service Commission.

8.14 **Trademark Costs**: Expenditures in connection with obtaining a trademark are non-allowable. The exception is the Focus on Energy trademark.

8.15 **Travel Costs**: The reimbursed amount for mileage or other travel costs that employees receive must equal the exact amount charged to the Program. Organizations cannot add an administration portion to the mileage reimbursement rates.
POLICY: Travel

4.5
The policy established herein provides Program Contractors with clearly defined rules for travel expense reimbursement within Focus on Energy.

I. General Travel

1.1 Expenses incurred while conducting official program business will be reimbursed per the specific guidelines listed below. Reimbursement claims must represent actual, reasonable and necessary expenses. The employee’s supervisor or another assigned individual from management must provide written or electronic approval of all travel reimbursements.

1.2 Focus on Energy will follow the U.S. General Services Administration (GSA) guidelines for travel expenses and reimbursement, except for air travel and charges for use of personal vehicles. Focus on Energy will follow the Internal Revenue Service (IRS). This includes a per diem structure for overnight travel for both in-state and out-of-state travel, as appropriate.

1.3 Although the GSA is referenced in this document, Focus on Energy is not a government program. Thus, the Program Contractors cannot request the state rate, government rate, or federal rate from hotels. Focus on Energy travel policies will reflect all changes to GSA rates and guidelines.

1.4 The general principles determining whether direct costs are allowable under Focus on Energy include but are not limited to the following:

1.4.1 Costs must be incurred subsequent to the date of a signed contract agreement, except as authorized by the Public Service Commission.

1.4.2 Costs must be reasonable and necessary to achieve program objectives.

1.4.3 Costs must be given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

1.4.4 Costs must conform to any limitations or exclusions set forth by sound business practices, arms-length transactions, Federal, State or local laws, contract agreements, or other governing regulations as to types or amounts of cost items.

1.4.5 Costs must be documented in accordance with the accounting requirements set forth in the Costs and Invoices Policy.

1.4.6 Costs must be auditable and supported by proper documentation. Itemized receipts or missing receipt forms are required to support documentation for all costs and must be submitted with monthly invoices via SPECTRUM. Credit card statements are not considered proper documentation. Every effort should be made to retain the original receipt or invoice. However, photocopies, scanned images, and faxes are acceptable. These materials will be reviewed during annual compliance audits.
1.4.7 Total costs charged cannot exceed the authorized budget and cannot exceed actual expenses incurred.

1.4.8 Reimbursement limits listed exclude taxes. Taxes are all reimbursable.

1.5 Under special circumstances, this travel policy may be waived on a case by case basis with the approval of the Program Director. In this instance, a notice of the waiver must be submitted by the Program Director to the Public Service Commission and must include a documented business reason for the deviation (e.g. cost savings, etc.).

1.6 Out-of-state travel may be reimbursed per the GSA guidelines. However, all out-of-state travel must be approved by the Program Administrator prior to the travel. Employees seeking out of state travel approval should submit an Out of State Travel Request Form along with supporting documentation.

II. Meal & Incidental Claims

2.1 Focus on Energy will follow all Meals and Incidental Expenses (M&I) rates per the GSA guidelines for the current fiscal year. These rates vary per city, county and state and can be found online at: http://www.gsa.gov/portal/content/104877.

2.2 Unless otherwise noted, Focus on Energy will follow the GSA M&I per diems on a per day basis (not per meal).

2.2.1 Employees are eligible for M&I expense reimbursement when traveling for a minimum of one overnight stay. Additionally, employees are eligible for 75 percent per diem rates for day travel that exceeds a 12 hour day away from the employee's headquarters.

2.2.2 On the first and last calendar day of travel, employees are eligible to 75 percent of maximum M&I rates. Only when an employee stays a full day at a site are they eligible for up to 100 percent of M&I rates.

2.2.3 Receipts are necessary for all M&I expenses being reimbursed. These receipts will be scanned and part of the invoice supporting documentation in SPECTRUM.

2.2.4 If the amount spent on M&I expenses is less than the total allowable rate, the employee will only be reimbursed for the expense incurred.

2.2.5 If the amount spent on M&I expenses exceeds the allowable rate, the Program Contractor will only bill Focus on Energy the maximum amount established by the GSA.
III. Lodging

3.1 Focus on Energy will base maximum lodging per diem rates on GSA guidelines provided for the current fiscal year with the following variation: Focus on Energy representatives may claim lodging rates for up to 30 percent over the established per diem rates for lodging per the GSA guidelines for the current fiscal year.

For example, if the maximum allowable lodging rate, excluding taxes, per GSA guidelines is $89 per night, Focus on Energy Representatives may claim up to $115.70, i.e. $89 x 1.3.

3.2 Rates vary per primary destination, county, state, and by month and do not include taxes. Appropriate rates can be found online at: http://www.gsa.gov/portal/content/104877

3.2.1 M&I expenses are not included in the per diem for lodging; these are separate per diem rates.

3.2.2 If the amount spent on lodging exceeds the per diem for lodging, the traveler will only be reimbursed for the maximum amount established by the GSA plus 30%.

3.3 Employees may stay at the conference site where lodging exceeds the maximum on the basis it enables staff to gain professional benefits due to interaction with other attendees. In such situations, documentation corroborating the site selected is the conference hotel is required. The employees must receive the approved conference rate for these stays and must document that such rate was received.

3.4 Employees will be held personally responsible for additional costs resulting from failure to cancel a guaranteed reservation or comply with posted checkout hours.

3.5 An employee who is required to remain in one location for an extended period is expected to find lodging at reasonable weekly/monthly rates. Consideration should be given to use of apartments or private homes if the cost is more economical. Subcontractors should seek Program Administrator approval before securing extended stay lodging.

3.5.1 In extended stay situations, the cost of normal utilities such as gas, heat, electricity, monthly local phone service (including installation), etc. are reimbursable.

3.5.2 The GSA per diem structure for M&I does not apply to employees in extended stay travel status.

3.6 Employees are expected to commute during the same day when the site of Focus on Energy business is within 50 miles of their headquarters. Lodging costs within 50 miles may be reimbursed only for extenuating circumstances and with proper written justification and approval of the employee’s supervisor.
3.7 Individuals traveling on official Focus on Energy business may require a reasonable accommodation, as required by the Federal Americans with Disabilities Act and/or Section 504 of the Rehabilitation Act of 1973. Reasonable accommodations could take various forms such as the payment of porterage costs or allowing a personal attendant to accompany the individual while in travel status. Reimbursement for reasonable accommodations may exceed the rates established by the GSA. The reimbursement request must indicate that the reason for the overage is “reasonable accommodation”.

IV. Transportation

4.1 Program Contractors may bill Focus on Energy for all employee transportation costs for approved Focus on Energy business, per the rate established by the GSA, other than personal vehicle mileage. This includes travel by non-personal automobile, air travel, train, and other modes of transportation.

4.2 For traveling that involves personal vehicles, Program Contractors may bill Focus on Energy for all employee’s mileage at the rates established by the IRS. Program Contractors may bill this only for mileage above and beyond the employee’s standard commute to their headquarters when leaving from their residence. These rates may be found online at: http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates.

4.3 Employees may choose to use rental vehicles rather than personal vehicles for travel. The smallest and most fuel-efficient rental vehicle should be preferred. All costs for renting a vehicle will be reimbursed when the cost of renting a car is comparable to the cost of using a personal vehicle.

4.4 Charges for parking are fully reimbursable for approved Focus on Energy business. Information should be provided with the reimbursement, including the municipality where charges were incurred. Parking is fully reimbursable if the employee is in travel status.

4.5 Charges for tolls are fully reimbursable. Information should be provided with the reimbursement, including the municipality where charges were incurred. A receipt is not necessary for tolls less than $25. Tolls are fully reimbursable regardless of employee’s status.

4.6 Requests for mileage reimbursement must be documented in writing and approved by the employee’s supervisor or another assigned individual from management. Documentation shall include, at a minimum, city of departure and destination, number of miles driven, reason for travel, total dollar amount requested for reimbursement, the employee’s signature or appropriate electronic approval, and proper documentation of approval from the employee’s supervisor or equivalent.
4.7 **Air Travel:** Focus on Energy policy for air travel differs from GSA’s policy. Reimbursement for commercial air travel shall be limited to the lowest logical fare available. The “lowest logical fair” is defined as the least costly fair that:

- Uses a regularly scheduled commercial carrier;
- Prohibits preference for any airline, type of aircraft and connecting airports;
- May require one plane transfer both departing and returning;
- Departs from the airport nearest to the employee’s headquarters location or, at the discretion of the employee, from an airport offering a fare which is most cost-effective, including parking, mileage, or additional overnight stays;
- Allows for up to a four hour leeway in scheduling which may necessitate that the employee arrive up to two hours prior to the start of his or her Focus on Energy business and may require up to a two hour wait after the planned business ending time to take advantage of lower air fares.

4.7.1 When seeking reimbursement for the cost of airfare, an employee must provide the highest form of receipt issued by the airline or travel agency. In those instances where an airline ticket is reissued, previously-issued documents should be attached for a complete audit trail. Claims for reimbursement of airfare must represent the net amount paid by the traveler after any applicable exchanges, discounts, change fees, etc.

4.7.2 Documentation to support claimed airfare must include the traveler’s name, destination, departure/return dates, amount of fare, routing, class of travel, purpose of trip and supervisor’s or another assigned member of management’s written approval.

4.7.3 The additional cost for premium class travel is not reimbursable. If a situation should arise where premium class travel is the only alternative available, such travel must have written approval from the contracting body prior to incurring the expense.

4.8 **Train:** Reimbursement shall not exceed the lowest cost of the most reasonable form of other public transportation. Travel by train shall be limited to coach unless overnight, where accommodations should be limited to a roomette.

4.9 **Bus:** Reimbursement shall not exceed the lowest cost of the most reasonable form of other public transportation.

V. **Allowable Incidental Expenses**

5.1 Employees are only eligible for incidental expenses when traveling for a minimum of one overnight stay. These expenses are included in the M&I expenses per diem rate established by the GSA, and vary per city and state.

5.2 Receipts are not necessary for incidental expenses, but cannot exceed the rate established by the GSA. Examples of incidental expenses include, but are not limited to: telephone calls, gratuities and tips, laundry, and other incidental expenses.
VI. Non-allowable Expenses: Non-allowable expenses include but are not limited to the following:

- Alcoholic beverages
- Cancellation charges
- Child-care and kennel costs
- Excessive mileage charges for personal reasons
- Flight insurance
- Lost/stolen cash or personal property
- Personal items
- Repairs and towing services for personal vehicles
- Spouse or family member travel costs
- Traffic citations, parking tickets, other fines
- Travel expenses for staff whose headquarters are a larger geographic area rather than a specific location
- Personal entertainment