



LEGAL SERVICES

800 Cabin Hill Drive  
Greensburg, PA 15601-1689  
PH: (724) 838-6210  
FAX: (724) 830-7737  
jmunsch@alleghenyenergy.com

**VIA FEDEX NEXT DAY**

August 27, 2010

**RECEIVED**

AUG 27 2010

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Petition of West Penn Power Company d/b/a Allegheny Power for Approval of its Energy Efficiency and Conservation Plan, Approval of Recovery of Costs through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan; Docket No. M-2009-2093218  
Contract with JACO Environmental, Inc.

Dear Secretary Chiavetta:

Enclosed for filing please find four copies of a contract between West Penn Power Company d/b/a Allegheny Power and JACO Environmental, Inc.; a conservation service provider ("CSP") registered with the Commission.

The contract is for the provision of pick-up and recycling service for customers' refrigerators, freezers and room air conditioners to support Allegheny's Energy Efficiency and Conservation Program.

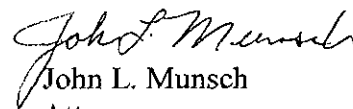
The contract was awarded pursuant to a competitive bidding process. The contract documents include verification that JACO Environmental is not affiliated with a Pennsylvania electric distribution company ("EDC") and the contract contains a provision that the contract is automatically terminated in the event of Pennsylvania EDC affiliation during the contract term. The contract also provides that the JACO Environmental will maintain its CSP registration with the Commission during the term of the contract. For ease of reference the two pages of the contract materials providing the protections described above are attached to this cover letter as well as being contained in the body of the contract documentation.

**Rosemary Chiavetta, Secretary**  
**August 27, 2010**  
**Page 2**

JACO Environmental will have direct contact with Allegheny Power customers and, consequently, background checks of the JACO Environmental employees have been conducted. The background checks are not included in the submission but are available upon request. There were no adverse findings in the background checks.

This filing is made by express delivery and is deemed filed today pursuant to 52 Pa. Code § 1.11.

Respectfully submitted,

  
John L. Munsch  
Attorney

JLM:sac

Enclosures

cc: Patty Wiedt, Esq., Law Bureau  
Wayne Williams, Bureau CEEP

Vendor Name JACO Environmental, Inc.

Date July 19, 2010

Contact Person Michael Jacobsen

St Address PO Box 1478

City, St, Zip Snohomish, WA 98291

**Re: Verification of Non Affiliation with a Pennsylvania Electric Distribution Co. for Allegheny Power Contract # 460002873**

Act 129 defines a CSP as "an entity that provides information and technical assistance on measures to enable a person to increase energy efficiency or reduce energy consumption and that has no direct or indirect ownership, partnership or other affiliated interest with an electric distribution company." 66 Pa.C.S. § 2806.1(m). As the Commission and EDCs must be able to identify the type of entity a CSP is and confirm that it is not owned, partnered or affiliated with an EDC, the Commission requires all CSP's to provide the following information for contract approval.

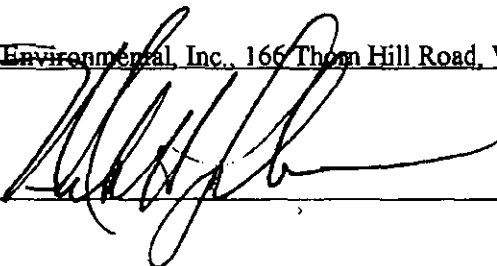
Please provide the information below and return via e-mail or U.S. mail to Mary Shellhammer at [mshellh@alleghenypower.com](mailto:mshellh@alleghenypower.com) or Allegheny Power, Suite 1000, 126 Mathews St, Greensburg, PA 15601.

1. Legal name of the applicant JACO Environmental, Inc.
2. Principal place of business 18323 Bothell-Everett Highway, ste 220, Bothell, WA 98012
3. Names of parent and subsidiary companies and affiliates that are CSPs and EDCs

JACO Environmental, Inc., 2705 Clemens Rd., Bldg A, Hatfield, PA 19440

JACO Environmental, Inc., 166 Thom Hill Road, Warrendale, PA 15086

Signature: \_\_\_\_\_



**16. Bidders not EDC affiliates**

Each bidder must certify that it is not affiliated with an EDC through ownership, partial ownership or control. Affiliation or merger with an EDC by a CSP at any time during the term of the contract will constitute a breach of the contract by the CSP and cause the termination of the contract. The CSP will immediately notify Allegheny Power of a merger and provide for automatic termination of the contract. The CSP is required to maintain registration with the PA PUC as an approved CSP during the term of the contract.

**17. Scope Of Work**

The Program will be marketed, advertised and administered by Allegheny Power. Allegheny Power anticipates a 3-year contract with annual reviews of contractor and program performance. The Program will tentatively begin on January 1, 2010 and continue through May 31, 2013. The coverage area is Allegheny Power's service territory in Pennsylvania according to the above map. Qualifying refrigerators, freezers and room air conditioners must be running, have a rated capacity between 10-30 cubic feet and cannot be ENERGY STAR units. Customers may turn in up to 2 units per account per year. In exchange for each refrigerator, freezer, and room air conditioner collected, customers receive a cash incentive of ~ \$35.00/unit via a mail in rebate contractor. The contractor's onsite collector will verify unit and rebate amount to be paid. The contractor will issue the incentive to the customer. . It is expected that the Program will collect and recycle 3600 refrigerator units in PA annually for three years. The Program annual targets may be adjusted and the Program contract period may be extended for additional years at Allegheny Power's discretion. Freezers and Room Air Conditioners pending costs maybe added to the program in the near future. "Allegheny Power does not guarantee any certain volume of home appliances to be recycled under this contract. Seller will not have exclusive rights to recycle appliances for Allegheny Power Pennsylvania customers."

**Task 1: Program Launch / Mobilization**

Program launch includes 2 program kick-off meetings with Allegheny Power at 800 Cabin Hill Dr., Greensburg PA 15601. These meetings will finalize program design, review Allegheny Powers marketing plan, develop website integration, set up the data base and agree on reporting inclusions and formats. Program launch includes mobilization of a program delivery team in Allegheny Powers territory, establishment of appliance pick-up and recycling operations and channels for recycled materials.

**Task 2: Program Setup and Customer Service**

The Contractor will provide the facilities, equipment, and personnel to operate the Program which includes interacting directly with Allegheny Power's customers. These services will include:

**Act 129 Contract**

Vendor: JACO Environmental, Inc.

Vendor Address: PO Box 1478  
Snohomish, WA 98291

Scope of Work: Appliance Recycling Program for refrigerators, freezers, and room air conditioners.

**Table of Contents**

	Included	Not Applicable *(Refer to Footnote)
JACO Environmental, Inc. SAP System Contract	X	
Non-Disclosure (Confidentiality) Agreement	X	
Valid Insurance Certificates	X	
Background Investigations, (Only required if contractor will be working on AP/Customer Property or IT system)		*
Substance Abuse Policy	X	
Subcontracting Plan	X	
Safety and Health Commitment	X	
CSP Approval Verification	X	
Non Affiliate Letter	X	
RFP Document w/all Appendices (General Terms and Conditions are in appendices)	X	
Exceptions to General Terms and Conditions	X	

\* Background investigation reports on subcontractor employees are not included in the filing but are available upon request. The reports are without adverse findings.



**Contract**  
ISSUED BY  
**Allegheny Energy Service Corporation**  
*an Allegheny Energy company*

AGENT-FOR-BUYER  
800 Cabin Hill Drive  
Attn: Procurement  
Greensburg, PA 15601-1650  
FAX: (724) 830-7714

Page 1 of 4  
Contract#  
4600002873

JACO ENVIRONMENTAL INC  
PO Box 14307  
MILL CREEK WA 98082-2307

**Your Vendor Number with us**  
10030590

**Please Deliver to :**  
Connellsville Distribution Center  
West Penn Power Company  
311 South Seventh Street  
Connellsville PA 15425-3015

**Bill and Mail Invoices to :**

**Buying Company :**

**Allegheny Energy Service Corporation**

Disbursement Accounting  
800 Cabin Hill Drive  
Greensburg, PA 15601-1650

**Contract**

<b>Purchasing Document</b>	<b>Date</b>
4600002873	01-15-2010
<b>Purchasing Buyer</b>	<b>Telephone</b>
Barbara Crowe	724-830-5051
<b>Fax number</b>	<b>Our Reference</b>
724-850-3707	DOMATIC-REL
<b>E-Mail</b>	
bcrowe@alleghenypower.com	
<b>Validity Start</b>	<b>Validity End</b>
01-18-2010	05-31-2013

Buyer reserves the right to assign this contract, in whole or in part, to one or more of its affiliates, their successors or assigns at any time.

All Correspondence, Shipping Papers, Invoices, Bills of Lading and Packages must show the Stock Number, Purchase Order Number, and Work Order and Op Step Numbers (if applicable and as identified in the Purchase Order header text or item text).

ANY AGENT, REPRESENTATIVE, CONSULTANT OR CONTRACTOR PROVIDING SERVICES TO ALLEGHENY ENERGY IS EXPECTED TO FOLLOW ALLEGHENY ENERGY'S CODE OF BUSINESS CONDUCT AND ETHICS, WHICH IS AVAILABLE ON THE COMPANY'S WEBSITE, [www.alleghenyenergy.com](http://www.alleghenyenergy.com), IN THE CORPORATE GOVERNANCE SECTION. IT IS ALSO AVAILABLE AT [http://media.corporate-ir.net/media\\_files/nys/aye/corpgov/code4.pdf](http://media.corporate-ir.net/media_files/nys/aye/corpgov/code4.pdf).

This document, and any attached or referenced documents, may contain information proprietary to Allegheny Energy Service Corporation, its affiliates, and parent. You agree that this document is to be used solely by you exclusively for the purpose for which it is furnished, and AESC requires it to be returned or destroyed when no longer required for that purpose. This document and any information obtained therefrom shall not be reproduced, transmitted, or disclosed in whole or in part to other organizations without the prior written authorization of AESC.

**IncoTerms :** SVC Freight Not Applicable N

**Currency :** USD

**Terms of Payment :** Within 60 days Due Net

**Target Value :** ██████████

**This offer to purchase includes all the terms and conditions applicable to this purchase order. Acknowledgement is required for services or exceptions only. Shipment of goods will constitute your acceptance of this purchase order's terms and conditions.**

**AUTHORIZED BY:** \_\_\_\_\_

**Note :** If it has been determined that the product purchased is a hazardous substance according to OSHA 1910.1200, 2 copies of the material safety data sheet for such product must be included with the shipping papers to the receiver of the product. If seller fails to supply such information, seller shall be considered to be in breach of contract.

Requisitioner Copy



**Contract**

ISSUED BY

**Allegheny Energy Service Corporation**  
*an Allegheny Energy company*

AGENT-FOR-BUYER  
800 Cabin Hill Drive  
Attn: Procurement  
Greensburg, PA 15601-1850  
FAX: (724) 830-7714

Page 2 of 4

Contract#

4600002873

Header text

**BUYER:**  
**ALLEGHENY ENERGY SERVICE CORPORATION AS AGENT FOR:**  
**WEST PENN POWER COMPANY**

**SEND INVOICES TO:**  
**DISBURSEMENT ACCOUNTING**  
**800 CABIN HILL DR**  
**GREENSBURG, PA 15601**

**APPLIANCE RECYCLING PROGRAM**  
**BLANKET CONTRACT**

This blanket contract is issued for an Appliance Recycling Program for refrigerators, freezers and room air conditioners for Allegheny Power customers in the Commonwealth of Pennsylvania. The recycling program is expected to begin on 01/18/2010 and continue through 05/31/2013.

Vendor is required to be an approved and registered CSP with the PA PUC and provide documentation of 3 years experience in providing program administration and management services.

Allegheny Power does not guarantee any certain volume of home appliances to be recycled under this contract. JACO will not have exclusive rights to recycle appliances for Allegheny Power customers.

This contract includes program design finalization, marketing assistance, customer service operations, and reporting and tracking.

Services to be provided include: Schedule of the Pick-Up, Customer Verification, Verification of Working Unit, Collection of Unit, Incentive Payment to the Customer, and Proper Recycle of the unit.

As part of this contract, Seller is required to conduct a thorough background investigation of all drivers and collection staff, including subcontractors, who will be providing services on Allegheny Power customer's property.

Buyer will provide escrow payments to the Seller to be used for the processing of incentives. The amount and schedule of these payments will be mutually agreed upon.

Purchase order releases will be issued against this contract for various phases of the work.

**PAYMENT TERMS NET 60 DAYS.**

Allegheny Energy Service Corporation General Terms and Conditions shall apply with the following addition to Paragraph 13, Termination:

Seller clarifies that termination and work completed issues pertain to units picked up from customer homes as of the stipulated termination date. Seller then would be allowed 4 weeks to 1) finish processing already-harvested units, 2) perform associated reporting, and 3) otherwise conduct a timely and orderly program shutdown. Seller would be entitled to normal per unit-based compensation for all collected units.

Note : If it has been determined that the product purchased is a hazardous substance according to OSHA 1910.1200, 2 copies of the material safety data sheet for such product must be included with the shipping papers to the receiver of the product. If seller fails to supply such information, seller shall be considered to be in breach of contract.

Requisitioner Copy



**Contract**

ISSUED BY

**Allegany Energy Service Corporation**  
*an Allegany Energy company*

AGENT-FOR-BUYER  
800 Cabin Hill Drive  
Attn: Procurement  
Greensburg, PA 15601-1650  
FAX: (724) 830-7714

Page 3 of 4  
Contract#  
4600002873

Incorporated by reference and made a part of this contract are the following documents:

1. PowerAdvocate bid event 17907: Refrigerator Recycling (BMC455-S) dated 02/05/09.
2. West Penn Power Company d/b/a/ Allegheny Power, Request for Proposal of Refrigerator, Freezer, Room Air Conditioner Recycler dated 01/05/10 (final version attached).
3. JACO Environmental updated pricing proposal dated 10/28/09 from Sam Sirkin.
4. Email acceptance of new contract format from Sam Sirkin on 01/08/10.
5. Mutual non-disclosure agreement.

This contract is dependent upon the approval of PA Act 129 by the Pennsylvania Public Utility Commission. The programs are scheduled to continue through plan year 2012.

Header note

REFERENCE: PURCHASE REQUISITION 10253156  
(ORIGINAL REQUISITION 10206683)

CONTRACT CONVERTED TO ERS ON 02/22/10.

Item	Material	Target Qty	Order Qty.	Unit	Unit Price	Net Value
00010				AU	\$0.00	\$0.00

Description : Recycling Program for PA

Required Date :

Purch. Req. Number : 10253156

Purch. Req. Item : 00010

**The item covers the following services :**

Service Item	Service Number	Service Description	Unit of Measure	Rate
10	3011486	UNSPECIFIED SERVICE		\$ .00
20	3030630	REFRIGERATOR-PICKUP/RECYC FEE		\$ .00
30	3030631	FREEZER-PICKUP/RECYC FEE		\$ .00
40	3030632	ROOM AIR CONDITIONER-PICKUP/RECYC FEE		\$ .00

Note : If it has been determined that the product purchased is a hazardous substance according to OSHA 1910.1200, 2 copies of the material safety data sheet for such product must be included with the shipping papers to the receiver of the product. If seller fails to supply such information, seller shall be considered to be in breach of contract.

Requisitioner Copy





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ISSUED BY  
**Allegheny Energy Service Corporation**  
*an Allegheny Energy company*

AGENT-FOR-BUYER  
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Greensburg, PA 15601-1650  
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Page 4 of 4  
Contract#  
4600002873

Item	Material	Target Qty	Order Qty.	Unit	Unit Price	Net Value
50	3030633					\$ .00
60	3030634					\$ .00
70	3030635					\$ .00

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**End of Contract**

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Note : If it has been determined that the product purchased is a hazardous substance according to OSHA 1910.1200, 2 copies of the material safety data sheet for such product must be included with the shipping papers to the receiver of the product. If seller fails to supply such information, seller shall be considered to be in breach of contract.

Requisitioner Copy

**ALLEGHENY ENERGY SERVICE CORPORATION****NONDISCLOSURE AGREEMENT**

**THIS AGREEMENT** is made this 21st day of January, 2010, by and between **Allegheny Energy Service Corporation**, a Maryland corporation with offices at 800 Cabin Hill Drive, Greensburg, PA 15601, for itself and as agent for its parent and affiliates as set forth in Exhibit "A" attached hereto (the "AE Companies"), and **JACO Environmental, Inc. (JACO)**, a Washington corporation, represented herein by its \_\_\_\_\_ Division ("\_\_\_\_\_").

**WHEREAS**, JACO has in its possession certain technical information, know-how and data of a confidential and proprietary nature (hereinafter referred to as "**CONFIDENTIAL INFORMATION**"), and

**WHEREAS**, COMPANY has in its possession certain confidential information, know-how and data of a confidential and proprietary nature, (hereinafter referred to as "**CONFIDENTIAL INFORMATION**"), and

**WHEREAS**, both JACO and COMPANY are prepared to disclose certain of this **CONFIDENTIAL INFORMATION** to the other party under the following conditions.

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are expressly acknowledged, the parties intending to be bound hereby agree as follows:

1. "**Confidential Information**" includes any and all information disclosed by one party to the other pursuant to this Agreement in a writing marked "Confidential" or "Proprietary" or by any electronic or digitally based information including, without limitation, customer information, electronic (wav) files of customer calls, or if communicated either verbally or visually, identified as "Confidential" or "Proprietary" at the time of communication. It is understood that the obligations imposed upon the parties by this Agreement shall not apply to information that at the time of disclosure or thereafter (i) was generally available to and known by the public, other than as a result of a disclosure by the receiving party or its representatives; or (ii) was generally available to the receiving party on a non confidential basis from a source other than the disclosing party or its representatives, provided that such source was not bound by a confidentiality agreement with the disclosing party; or (iii) the information was already known to the receiving party as evidenced by its written records and the disclosing party is promptly notified after receipt of the information; or (iv) the information is independently developed by or on behalf of the receiving party by individuals who did not directly or indirectly receive relevant Confidential Information of the disclosing party; or (v) is disclosed by the recipient party with the disclosing party's prior written approval; or (vi) pursuant to legal requirements as provided in paragraph 3.

2. For a period of five (5) years from the date first written above, each party shall maintain the confidentiality and prevent accidental or other loss of any Confidential

Information of the other party with at least the same degree of care as it uses to protect its own Confidential Information but in no event with less than reasonable care to maintain the other party's Confidential Information in confidence and shall not itself use, except for the benefit of the disclosing party, or disclose the same to others without the prior written consent of the disclosing party. Each party shall immediately notify the other in the event of any loss or unauthorized disclosure of the Confidential Information of the other party.

3. Each party agrees that it will make available the other party's Confidential Information only on a "need to know" basis and that all contractors, consultants, agents or employees to whom such Confidential Information is made available will be made aware of the strictly confidential nature of such Confidential Information and shall have entered into a written confidentiality agreement with the party making such re-disclosure. Without the prior written consent of the disclosing party, neither the receiving party, nor its representatives, will disclose Confidential Information to any third party, except as provided herein and as may be required by law, subpoena or other legal process. If either party shall be required to disclose any Confidential Information, it is agreed that, to the extent legally permitted, such party will provide the other party with prompt written notice of such request, so that the other party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, or that either party waives compliance with the provisions of this Agreement, each party agrees that it will furnish only that portion of Confidential Information and other information that is legally required and that it will cooperate with any efforts by the other party to obtain reliable assurance that confidential treatment will be accorded to that portion of Confidential Information that is being disclosed.

4. Each party agrees that it will not use in advertising, publicity or otherwise any trade name or trademark or any product, contraction, abbreviation or simulation thereof that is owned, to such party's knowledge by the other party or any subsidiary or affiliate of such other party without the owner's prior written consent.

5. By written demand, each party may require the other to cease using the Confidential Information, and at the party's option, either return the Confidential Information and all copies, notes or extracts thereof, to the party within seven (7) days of the demand or certify its destruction to the party.

6. No provisions of this Agreement shall be amended except by written consent of both parties, which consent shall specifically refer to this Agreement and explicitly make such amendment. Any consent or waiver of compliance with any provision of this Agreement shall be effective only if in writing and signed by the Party purported to be bound thereby, and then such consent or waiver shall be effective only in the specific instance and for the specific purpose for which given. No failure or delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial waiver thereof preclude any other exercise of any other right, power or privilege hereunder. Each party shall be entitled to seek equitable relief, including injunction and specific performance, in the event of any breach of the provisions of this Agreement.

7. This Agreement constitutes the entire agreement and understanding between the parties as to Confidential Information concerning its subject matter. No representations have been made by either of the parties except as are specifically set forth herein. No rights or obligations other than those expressly recited herein are to be inferred from this Agreement.

8. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

9. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns, as the case may be. This Agreement shall survive and shall not be affected by any termination of any commercial relationship between the parties.

10. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

11. This Agreement shall be governed by the laws of the state where the service is performed with respect to conflicts of law and the provisions of the United Nations Convention on Contracts for the International Sale of Goods.

12. Each party agrees that the Confidential Information is and shall remain the sole property of the disclosing party. Nothing in this Agreement shall be construed to grant either party any right, interest or license in or under any patent, trademark, copyright, trade secret or other proprietary right or material owned by the other party, whether or not it is part of the Confidential Information.

13. All notices, requests, consents, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be (a) personally delivered (including by local or overnight courier), (b) sent by postage prepaid registered first-class mail or (c) transmitted by facsimile or other electronic means, and shall be deemed to have been duly given when received if received prior to 5:00 p.m. on a business day or on the next business day (if delivered after 5:00 p.m. or on a non-business day). Notice to either party shall be sent to its address as set forth above, or to such other address as a party hereto shall have given notice pursuant to this Section.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate as of the date written above.

**Allégheny Energy Service Corporation**

**JACO Environmental, Inc.**

By: Roger Haskley

By: Terry Jacobsen

Name: Roger J. Haskley

Name: Terry Jacobsen

Title: Director, Customer Management

Title: President



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
02/17/2010

PRODUCER  Willis of Seattle, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	877-945-7378	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED  JACO Environmental, Inc. PO Box 1478 Snohomish, WA 98291		INSURERS AFFORDING COVERAGE	
		INSURER A: Lexington Insurance Co.	19437-000
		INSURER B: St. Paul Fire and Marine Insurance Company	24767-001
		INSURER C: Commerce and Industry Insurance Company	19410-001
		INSURER D:	
		INSURER E:	

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> WA Stop Gap Included <input checked="" type="checkbox"/> \$10,000 Deductible GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	3628073	9/15/2009	9/15/2010	EACH OCCURRENCE	\$ 2,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
						MED EXP (Any one person)	\$
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN EA ACC	\$
						AUTO ONLY: AGG	\$
B		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	QK09400877	9/15/2009	9/15/2010	EACH OCCURRENCE	\$ 1,000,000
						AGGREGATE	\$ 1,000,000
							\$
							\$
							\$
C		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below	AOS WC3429816 CA WC3429815	9/15/2009 9/15/2009	9/15/2010 9/15/2010	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
C						E.L. EACH ACCIDENT	\$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

THIS VOIDS AND REPLACES PREVIOUSLY ISSUED CERTIFICATE DATED: 10/29/2009 WITH ID: 13310564

Contract #4600002658

The Workers Compensation 'AOS' policy covers New Mexico, Nevada, Oregon, Utah, Illinois, Colorado, Idaho, Georgia, Massachusetts, Michigan, Pennsylvania and New Jersey only.

## CERTIFICATE HOLDER

## CANCELLATION

Allegheny Energy Service Corp. Attn: Event Risk Management 800 Cabin Hill Dr. Greensburg, PA 15601	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
	AUTHORIZED REPRESENTATIVE <i>Thomas E. Fenn</i>

ACORD 25 (2009/01)

Call: 2939134 Tpl: 1003770 Cert: 13825733 ©1988-2009 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD

**Willis****CERTIFICATE OF LIABILITY INSURANCE** Page 2 of 3DATE  
02/17/2010

<b>PRODUCER</b> 877-945-7378  Willis of Seattle, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC#</b>
<b>INSURED</b> JACO Environmental, Inc. PO Box 1478 Snohomish, WA 98291	INSURER A: Lexington Insurance Co.	19437-000
	INSURER B: St. Paul Fire and Marine Insurance Company	24767-001
	INSURER C: Commerce and Industry Insurance Company	19410-001
	INSURER D: INSURER E:	

## DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENTS/SPECIAL PROVISIONS

The Umbrella policy also extends over the primary Auto Liability policy which has a \$2,000,000 limit.

Other states Workers Compensation coverage provided for Nebraska, Maryland & Pennsylvania.

It is agreed that Allegheny Energy Service Corporation, The Potomac Edison Company and West Penn Power Company are included as Additional Insureds as respects to General Liability where required by written contract.

<b>ACORD CERTIFICATE OF LIABILITY INSURANCE</b>		DATE (MM/DD/YYYY) 2/16/2010
PRODUCER District 03 Commercial Center 16300 Mill Creek Blvd #203 Mill Creek, WA 98012  (425) 745-9780 Agent-Rob	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Jaco Environmental, Inc.  10105 Airport Way Snohomish, WA 98291	INSURERS AFFORDING COVERAGE INSURER A: Farmers Insurance Exchange INSURER B: INSURER C: INSURER D: INSURER E:	NAIC #

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADD'L	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJ <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
A	X	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	604378107	9/15/2009	9/15/2010	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC AGG \$ AUTO ONLY: AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS OTHER \$ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
		OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate Holder is named as additional insured.

Contract # 4600002873

Attn: Ms. K. A. Nicassio

**CERTIFICATE HOLDER**

Allegheny Energy Service Corp. and  
 West Penn Power Company  
 800 Cabin Hill Drive  
 Greensburg, PA 15601

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE  
 Robert P. Byrd



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# **Alcohol and Drug Free Workplace Policy & Drug Testing Policy**

## **I. Purpose of this Policy**

Appliance Distribution Inc.'s ("Appliance Distribution" or "Company") is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. Employees who are under the influence of drugs or alcohol on the job compromise the Company's interests and endanger their own health and safety as well as the health and safety of others. In addition, use of these substances can detract from an employee's work performance, efficiency, safety, and health, and therefore seriously impair the employee's value to the Company.

To further its interest in avoiding accidents, to promote and maintain safe and efficient working conditions for its employees, and to protect its business, property, equipment, and operations, Appliance Distribution has established these Policies concerning the use of alcohol and drugs and regarding drug testing. Any employee who violates these Policies may be disciplined, up to and including termination.

## **II. Definitions**

1. "Illegal drugs or other controlled substances" include any drug that is (a) not legally obtainable; or (b) is legally obtainable but has not been legally obtained; or (c) has been legally obtained but is being sold or distributed unlawfully.
  2. "Legal drug" means any drug, including any prescription drug or over-the-counter drug, that has been legally obtained and that is not unlawfully sold or distributed.
  3. "Abuse of any legal drug" means the use of any legal drug (a) for any purpose other than the purpose for which it was prescribed or manufactured; or (b) in a quantity, frequency, or manner that is contrary to the instructions or recommendations of the prescribing physician or manufacturer.
  4. "Possession" means that an employee has the substance on his or her person or otherwise under his or her control.
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### **III. Prohibited Conduct**

#### **A. SCOPE**

The prohibitions of this section (III-B through D) apply whenever the interests of the Company may be adversely affected, including *any* time the employee is:

1. On Company property;
2. Conducting or performing Company business, regardless of location;
3. Operating a Company vehicle.

#### **B. ALCOHOL**

The following acts are prohibited and will subject an employee to discipline, up to and including discharge:

1. The unauthorized use, possession, purchase, sale, manufacture, distribution, transportation, or dispensation of alcohol; or
2. Being under the influence of alcohol at any time of the working day, including on meal periods and breaks.

#### **C. ILLEGAL DRUGS OR OTHER CONTROLLED SUBSTANCES**

The following acts are prohibited and will subject an employee to discipline, up to and including discharge:

1. The use, possession, purchase, sale, manufacture, distribution, transportation, or dispensation of illegal drugs or other controlled substances; or
2. Being under the influence of any illegal drug or other controlled substances at any time of the working day, including on meal periods and breaks.

#### **D. LEGAL DRUGS**

The following acts are prohibited and will subject an employee to discipline, up to and including discharge:

1. The abuse or any legal drug; or
2. The purchase, sale, manufacture, distribution, transportation, or dispensation of any legal prescription in a manner inconsistent with law;
3. Working while impaired by the use of the legal drug whenever such impairment might

- a. Endanger the health or safety of the employee or others;
- b. Pose a significant risk to Company property or equipment; or
- c. Substantially interfere with the employee's job performance or the efficient operation of the Company's business or equipment.

Provided, however, that nothing in this section prohibits an employee who is legally disabled from requesting a reasonable accommodation should use of a legal drug for a legal disability impair the employee's performance.

#### **IV. Drug Testing**

As part of the **application process**, Appliance Distribution requires all applicants for all positions to pass a test that will screen for illegal drugs. Any offer of employment is conditioned upon a negative test. Furthermore, Appliance Distribution will engage in drug testing as set forth below.

##### **A. Reasonable Suspicion Drug Testing**

Appliance Distribution may require an employee to undergo immediate drug testing if it has a "reasonable suspicion" that the employee is under the influence of drugs. Examples of reasonable suspicion include but are not limited to:

- The employee exhibits inappropriate, unusual, poor or erratic behavior or job performance.
- The employee is in possession of illegal drugs or drug paraphernalia.

Upon being told by a supervisor to go take a drug test, the employee must report to the drug testing facility designated by Appliance Distribution within 30 minutes. Failure to arrive at the testing facility in a timely manner, failure to comply with the instructions of the testing facility personnel, and/or failing to present oneself for a reasonable-suspicion drug test once asked by a supervisor to do so will be treated by the Company as a positive test, subjecting the employee to discipline, up to and including termination.

##### **B. Post-Accident Drug Testing**

Any employee who is involved in a workplace accident will be required to undergo immediate drug testing to determine if the employee is under the influence of drugs.

Upon being told by a supervisor to go take a drug test, the employee must report to the drug testing facility designated by Appliance Distribution within 30 minutes. Failure to arrive at the testing facility in a timely manner, failure to comply with the instructions of the testing facility personnel, and/or failing to present oneself for a post-accident drug test once asked by a supervisor to do so will be treated by the Company as a positive test, subjecting the employee to discipline, up to and including termination.

### **C. Random Drug Testing**

Employees who occupy any of the following safety-sensitive positions or categories of positions will be subject to random drug testing:

1. Drivers
2. Driver/navigator
3. Warehouse
- 4.
- 5.

Random drug testing means that the employee will be asked, at **any** time of the day, and/or **without** any notice, and/or **without** any suspicion regarding whether or not the employee is under the influence of any legal or illegal drugs, to go immediately to the drug testing facility designated by Appliance Distribution to take a random drug test.

Upon being told by a supervisor to go take a drug test, the employee must report to the drug testing facility designated by Appliance Distribution within 30 minutes. Failure to arrive at the testing facility in a timely manner, failure to comply with the instructions of the testing facility personnel, and/or failing to present oneself for a random test once asked by a supervisor to do so will be treated by the Company as a positive test, subjecting the employee to discipline, up to and including termination.

Appliance Distribution will use the services of a drug testing facility and/or administrator to administer both the testing itself and the random drug testing policy (i.e. what employee is chosen to go test and when).

An employee should expect, *at a minimum*, to be subjected to two random tests per calendar year. However, due to the nature of random testing, an employee may be asked to submit to less than two tests per year or more than two tests per year. In addition, there is no “grace period” following a test. An employee could get picked immediately after taking one random drug test to take another.



**Acknowledgement and Agreement to Drug Free Workplace Policy & Drug Testing Policy**

I have read, understand, and agree to comply with Appliance Distribution Company's Drug Free Workplace Policy. In addition, I have read, understand, and agree to comply with Appliance Distribution Company's Drug Testing Policy. Finally, if I occupy one of the positions for which random drug testing is used, I agree to follow the requirements of this Policy and to submit for testing as described herein.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

APPLIANCE DISTRIBUTION, INC.'S  
SUBSTANCE AND ALCOHOL ABUSE  
POLICY AND PROCEDURE

IN COMPLIANCE WITH THE DEPARTMENT OF  
TRANSPORTATION'S LAWS AND REGULATIONS

## POLICY STATEMENT & PURPOSE

It is the intent of Appliance Distribution Inc. (also referred to as the "Company") to promote a safe, healthy and productive work environment. Appliance Distribution Inc. recognizes that the use of controlled substances and alcohol is not conducive to safe working conditions. It is the objective of the Company:

To have a work force that is free from the influence of controlled substances and alcohol during work hours.

To reduce accidents and injuries caused by the use of controlled substances and alcohol.

To ensure the sound reputation of Appliance Distribution Inc. and its employees within the community and the industry.

To reduce absenteeism and tardiness and improve productivity.

To comply with the Department of Transportation ("DOT") Regulations and applicable laws.

## DEFINITIONS

**Alcohol.** Alcohol is defined as an intoxicating agent in beverage alcohol, ethyl alcohol, or other low-molecular weight alcohols, including methyl or isopropyl alcohol.

**Commercial Motor Vehicle.** A Commercial Motor Vehicle ("CMV") means a motor vehicle or combination of motor vehicles used in commerce to transport passengers or property where the vehicle (i) has a gross combination weight rating of 26,001 or more pounds, inclusive of a towed unit with a gross vehicle weight rating of more than 10,000 pounds or (ii) has a gross vehicle weight rating of 26,001 or more pounds or (iii) is designed to transport 16 or more passengers, including the Driver or (iv) is of any size and is used in the transportation of materials found to be hazardous for the purposes of the federal placarding requirements.

**Company Premises.** Company premises means all property, facilities, land, buildings, structures, automobiles, trucks and all other vehicles, whether owned, leased or used by the Company. The term also includes all job sites where the Company is performing any work.

**Controlled Substance (drugs).** Controlled Substance is defined to include: marijuana metabolites, cocaine metabolites, amphetamines, opiate metabolites and phencyclidine (PCP).

**Driver.** A Driver means any person who operates a CMV. This includes, but is not limited to: full time, regularly employed drivers; casual, intermittent or occasional drivers; leased drivers and independent owner-operator contractors.

**On-Duty and Duty.** "On-duty" and "duty" includes all and any time engaging in safety-sensitive functions. It also includes all time performing any other work for the Company.

**Safety-Sensitive Function(s).** Safety Sensitive Function mean all time from the time a Driver begins to work or is required to be in readiness to work until the time he/she is relieved from work and all responsibility for performing work. Safety-sensitive Functions shall include: (1) All time at an employer or shipper plant, terminal, facility, or other property, or on any public property, waiting to be dispatched, unless the Driver has been relieved from duty by the employer; (2) All time inspecting equipment or otherwise inspecting, servicing, or conditioning any CMV at any time; (3) All time spent at the driving controls of a CMV in operation; (4) All time, other than driving time,



in or upon any CMV except time spent resting in a sleeper berth; (5) All time loading or unloading a vehicle, supervising, or assisting in the loading or unloading, attending a vehicle being loaded or unloaded, remaining in readiness to operate the vehicle, or in giving or receiving receipts for shipments loaded or unloaded; and (6) All time repairing, obtaining assistance, or remaining in attendance upon a disabled vehicle.

### POLICY – PROHIBITED CONDUCT

The following represents the Company's policy concerning alcohol and substance abuse, effective immediately. This policy applies to all employees subject to DOT regulations. Violations of this policy will result in disciplinary action, including the termination of employment.

The unlawful possession, manufacture, distribution or use of alcohol or any controlled substance is strictly prohibited.

No Driver shall possess or be under the influence of alcohol or any controlled substance while on duty or at any time on Company premises.

No Driver shall use alcohol or any controlled substance while on duty. Supervisors having actual knowledge that a Driver is using alcohol or any controlled substance while on duty shall not permit the Driver to perform or continue to perform safety-sensitive functions.

No Driver shall report for duty or remain on duty while having an alcohol concentration of 0.04 or greater. Supervisors having actual knowledge that a Driver has such alcohol concentration shall not permit the Driver to perform or continue to perform safety-sensitive functions.

No Driver shall perform safety-sensitive functions within four (4) hours after using alcohol. Supervisors having actual knowledge that a Driver has used alcohol within four (4) hours shall not permit a driver to perform or continue to perform safety-sensitive functions.

No Driver shall use or have in his or her possession on Company premises any prescription medication other than medication currently prescribed by a physician for the Driver. Drivers taking prescribed medications which may impair their job performance must report such use and provide an adequate physician's statement regarding the ability of the Driver to safely perform his or her duties notwithstanding the medication. This policy does not require or request the physician or the Driver to identify the prescription or the medical condition for which it is prescribed.

No Driver shall report for duty, remain on duty or perform a safety-sensitive function, if the Driver tests positive or has adulterated or substituted a test specimen for controlled substances. Any supervisor having actual knowledge that a Driver has tested positive or has adulterated or substituted a test specimen for controlled substances shall not permit the Driver to perform or continue to perform safety-sensitive functions.

Lockers, desks, storage areas and Company vehicles are Company property and must be maintained according to Company standards. All such areas must be kept clean and are to be used only for work-related purposes. The Company reserves the right, at all times and without further notice, to have Company representatives conduct searches and inspections of any or all Driver lockers and other Company property. All vehicles and containers, including bags, boxes, purses, lunch pails, brought onto Company premises are subject to Company inspection at any time a Company representative authorized by the Company to make a determination that there is reasonable cause to believe that a Company rule, policy or regulation has been violated. Such inspections will be conducted, to the extent reasonably possible, in a manner designed to preserve the dignity of the

Driver. Inspections will be done in a private area and will be conducted by a member of the same sex. A Driver who refuses to consent to such an inspection may be subject to disciplinary action up to and including termination.

### PRE-EMPLOYMENT SCREENING

As part of the pre-employment screening process for Drivers, the Company will obtain information from all DOT-regulated employers who have employed the applicant during the two-year period before the date of the applicant's application or transfer to a Driver position. To assist the Company in obtaining the information, applicants are required to provide written consent. The information that will be obtained and used in considering the Driver's application includes the prior employers' records regarding:

- Alcohol tests with a result of 0.04 or higher alcohol concentration; and
- Verified positive controlled substance tests; and
- Refusals to be tested (including verified adulterated or substituted drug test results); and
- Other violations of DOT regulations.

With respect to any employee who violated a DOT drug and alcohol regulation, documentation of the employee's successful completion of DOT return-to-duty requirements (including follow-up tests) will have to be produced. If the previous employer does not have information about the return-to-duty process, the Company will seek to obtain this information from the applicant. The information obtained from a previous employer will include any drug or alcohol test information obtained from previous employers.

The Company will also inquire whether the applicant has, within the previous two years tested positive, or refused to test, on any pre-employment drug or alcohol test administered by an employer to which the employee applied for, but did not obtain, safety-sensitive transportation work covered by DOT regulations. If the applicant admits that he or she had a positive test or a refusal to test, the Company will not consider the application of such applicant until and unless the applicant documents successful completion of the return-to-duty process required by DOT regulations.

The Company will keep all information obtained from other DOT-regulated employers for three years from the date that the Driver first performs safety-sensitive functions for the Company.

### REQUIRED REPORTING BY DRIVERS

Drivers must report to the Company within five (5) days any of the following:

- A conviction on any criminal statute related to the unlawful manufacture, distribution, possession or use of controlled substances or alcohol.
- A conviction for driving under the influence of controlled substances or alcohol.
- A positive test result in relation to any alcohol or controlled substance test administered by any law enforcement officer or other authorized government agency.

### TESTING: WHEN REQUIRED AND CONSEQUENCES OF REFUSAL

Company policy and federal regulations require Drivers to submit to alcohol and controlled

substance tests administered in accordance with the DOT Regulations. A refusal to submit to an alcohol or a controlled substance test is a violation of federal regulations and of Company policy. Refusals to test will result in disciplinary action, including the termination of employment.

### **Pre-Employment Testing**

After being offered a position, but before actually commencing employment with the Company, the Driver shall undergo testing for alcohol and controlled substances.

### **Post-Accident Testing**

Following an accident involving a CMV, each surviving Driver who is performing safety-sensitive functions with respect to the CMV will be tested for controlled substances and alcohol if (a) the accident involved the loss of human life; or (b) the driver receives a citation for a moving traffic violation if the accident involved: (i) bodily injury to any person who immediately receives medical treatment away from the scene of the accident; or (ii) disabling damage to one or more vehicles requiring the vehicle(s) to be transported away from the scene by a tow truck or other vehicle.

The testing will be conducted as soon as practical following the accident, but no later than within 8 hours after the accident for alcohol tests and no later than within 32 hours for controlled substance tests. Drivers involved in an accident shall remain readily available for such testing. Failure to do so may be deemed to have refused to submit to testing. However, this policy does not prohibit a Driver from leaving the scene of an accident for the period necessary to obtain assistance in responding to the accident or to obtain necessary emergency medical care.

If an alcohol test is not administered within two hours following the accident, the Company will prepare and maintain on file a report stating the reasons the test was not promptly administered. If a controlled substance test is not administered within 32 hours following the accident, a similar report will be prepared and maintained.

*The results of a breath or blood test for alcohol or a urine test for controlled substances, conducted following an accident by government officials having independent authority to test may be used where the test is consistent with DOT regulations.*

Drivers are prohibited from using alcohol for eight hours following the accident, or until the Driver undergoes a post-accident alcohol test, whichever occurs first.

### **Random Testing.**

Every Driver shall submit to random alcohol and controlled substance testing. Drivers will be selected for random alcohol and controlled substance testing using a scientifically valid method such as a computer-based random number generator that is matched with a Driver's social security number, payroll identification number or other comparable identifying numbers. Each Driver shall have an equal chance of being tested each time selections are made. Accordingly, even if a Driver has been randomly tested within the last year, the Driver can be selected again for random testing in that same year. Random tests are unannounced and will be spread reasonably throughout the calendar year. The Company may participate in a testing program that pools employees from multiple employers for purposes of random selection.

When a Driver is notified of selection for random testing, the Driver must proceed to the test site immediately; provided, however, that if the Driver is performing a safety-sensitive function at the

time of notification, the Company will ensure that the Driver ceases to perform the safety-sensitive function and then proceed to the safety site as soon as possible. A Driver will only be tested for alcohol while the Driver is performing safety-sensitive functions, just before the Driver is to perform safety-sensitive functions, or just after the Driver has ceased performing such functions.

### **Reasonable Suspicion Testing.**

**Concerning Alcohol.** The Company will require a Driver to submit to an alcohol test when the Company has reasonable suspicion to believe that the Driver has violated Company policy concerning alcohol. The determination that reasonable suspicion exists will be based on specific, contemporaneous, articulable observations concerning the appearance, behavior, speech or body odors of the Driver and such other factors indicating a violation. Such observations shall be recorded in writing by the supervisor or other Company official making the observations. A Driver may be directed to undergo reasonable suspicion testing while the Driver is performing safety-sensitive functions, just before the Driver is to perform safety-sensitive functions, or just after the Driver has ceased performing such functions. The testing should be conducted within two hours after the reasonable suspicion arises, and must be conducted no later than eight hours after the suspicion arises. If a test is not administered within two hours following the reasonable suspicion determination, the Company will prepare and maintain on file a record stating the reasons the alcohol test was not promptly administered.

If the Company has reasonable suspicion to believe that a Driver has violated Company policy concerning alcohol, but a test is not conducted because the observations were not made during, just before or just after the performance of a safety-sensitive function, the Driver will nevertheless not be permitted report for duty or remain on duty requiring the performance of safety-sensitive functions until (a) an alcohol test is administered and the Driver's alcohol concentration measures less than .02 or (b) twenty-four hours have elapsed following the determination that there is reasonable suspicion to believe that the Driver has violated the prohibitions of this policy concerning the use of alcohol.

**Concerning Controlled Substances.** The Company will require a Driver to submit to a controlled substances test when the Company has reasonable suspicion to believe that the Driver has violated Company policy concerning controlled substances. The Company's determination that reasonable suspicion exists will be based on specific, contemporaneous, articulable observations concerning the appearance, behavior, speech or body odors of the Driver and such other factors indicating a violation. Such observations shall be recorded in writing by the supervisor or other Company official making the observations. The observations may include indications of the chronic and withdrawal effects of controlled substances.

### **TESTING PROCEDURES**

All testing required and conducted under the policy will be conducted in accordance with DOT regulations. This section provides a brief summary of those procedures. Company may participate in a testing program where the testing procedures are conducted by a third-party provider who will ensure compliance with DOT regulations. Testing will be conducted in a location and manner that affords reasonable privacy to the person being tested without compromising the test validity.

### **Alcohol Testing.**

Alcohol testing is performed by a screening test technician (STT) and/or breath-alcohol technician (BAT) who has completed the requisite level of instruction in the operation of a DOT alcohol test. A STT can conduct only alcohol screening tests. A BAT can conduct alcohol screening and

confirmation tests. Unless another person is unable to perform the test in a timely fashion, the Driver's direct supervisor will not be the STT and/or BAT conducting the test.

To be permitted to act as a STT and/or BAT, the person must have certain basic information regarding alcohol testing procedures, receive qualification training, and demonstrate proficiency in testing. Law enforcement officers who have been certified by state or local governments to conduct breath-alcohol testing are deemed to be qualified as BAT's.

Tests for alcohol concentration will be performed by using evidential breath testing device (EBT) or alcohol screening devices (ASD) listed on the NHTSA's conforming products list (CPL). An ASD on the CPL will not be used in a confirmation test. To safeguard the integrity of the testing process and the validity of EBT and protect against a test being inappropriately attributed, the person performing the test will either use an EBT device that meets certain standards set forth in the regulations (e.g., capable of providing the results in triplicate; of assigning a unique and number to each completed test; of printing out on each copy of the result the manufacturer's name for the device, the device's serial number and the time of the test; of distinguishing alcohol from acetone at the .02 alcohol concentration level; of testing an air blank prior to each collection of breath and performing an external calibration check). To safeguard the integrity of EBT testing, the testing entity will maintain a quality assurance plan developed by the manufacturer.

### **Controlled Substances Testing.**

Controlled substance testing will be performed by testing a urine sample donated by the Driver at a collection site. After the collection site has collected, split and secured the sample, the sample (both bottles) will be sent to a laboratory which has been certified by the Department of Health and Human Services ("DHHS"). The laboratory will perform an initial immunoassay test and if that test is positive, the positive result will be confirmed using the gas chromatography/mass spectrometry methodology. If the laboratory reports a positive result to the medical review officer (MRO), the MRO will contact the Driver (in person or by telephone) and conduct an interview to determine if there is an alternative medical explanation for the drug(s) found in the driver's urine specimen. If the Driver provides appropriate documentation and the MRO determines that it is legitimate medical use of the prohibited drug, the drug test result is reported as negative to the employer. A Driver can request testing of the "split" sample within 72 hours of receiving notification of the initial test result. If the Driver so requests, the split sample will be tested at another laboratory certified by DHHS.

## **TESTING CONSEQUENCES OF A POSITIVE RESULT**

### **Alcohol Testing.**

**Applicants.** If an applicant tests positive for alcohol at a level of .04 or greater, the applicant's contingent offer of employment will be withdrawn and the applicant will be deemed ineligible for employment.

**Employees.** If a Driver tests positive for alcohol at a level of .04 or greater, the Driver is in violation of the applicable DOT regulations and is subject immediate termination. The Company's policy on alcohol is stricter than the DOT regulations. **[THIS IS A CHOICE OF THE EMPLOYER TO HAVE A TOUGHER POLICY—IT IS OPTIONAL]** Under Company policy, if the Driver's alcohol concentration is .02 or greater but less than .04, the Driver is also subject to immediate termination.

### **Controlled Substances**

**Applicants.** If an applicant tests positive for controlled substances, the applicant's contingent offer of employment will be withdrawn and the applicant will be deemed

ineligible for employment.

Employees. Upon receipt of the initial report from an MRO of a verified positive test for controlled substances, the Company will immediately remove the Driver from all safety-sensitive job functions and terminate the Driver's employment.

A positive dilute controlled substances test will be treated as a verified positive test. The Company will not direct the applicant to take another test based on the fact that the specimen was dilute.

If the MRO informs the Company that a negative test was dilute with a creatinine concentration greater than or equal to 2 mg/dL, but less than or equal to 5 mg/dL, the Company will direct the applicant to immediately retake the test. In such a situation, the DOT requires that the second collection take place under direct observation.

If the laboratory reports to the MRO that a specimen is invalid, and the MRO reports to the Company that there is not an adequate medical explanation for the result, the Company will immediately direct that the employee return to the testing facility for an immediate collection under direct observation. The employee will get no advance notice of this requirement to return to the testing facility.

If the MRO reports to the Company that the original positive, adulterated, or substituted result had to be cancelled because the test of the split specimen could not be performed, the Company will immediately direct that the employee return to the testing facility for an immediate collection under direct observation.

### TESTING REFUSALS

Drivers will be deemed to have refused to take a test under any of the following circumstances:

The Driver refuses to participate in any test required under this policy or the DOT regulations.

The Driver fails to appear for any test within a reasonable time, as determined by the Company, after being directed to do so by the Company.

The Driver fails to remain at the testing site until the testing process is complete.

The Driver fails to provide an adequate urine specimen (controlled substance) or breath or saliva specimen (alcohol) for any required test.

In the case of a directly observed or monitored specimen collection, the Driver fails to permit the observation or monitoring of the specimen;

The Driver fails to cooperate with any part of the testing process (e.g., refuse to empty pockets when so directed by the collector, behave in a confrontational way that disrupts the collection process).

The MRO reports a verified adulterated or substituted test result for the Driver.

A refusal to take a test, and/or a refusal to submit for testing is considered to be the same as a verified positive test.

## **EFFECTS OF DRUGS AND ALCOHOL**

### **Marijuana Metabolites**

Marijuana is the most commonly abused illicit drug in the United States. A dry, shredded green/brown mix of flowers, stems, seeds, and leaves of the hemp plant *Cannabis sativa*, it usually is smoked as a cigarette (joint, nail), or in a pipe (bong). It also is smoked in blunts, which are cigars that have been emptied of tobacco and refilled with marijuana, often in combination with another drug. It might also be mixed in food or brewed as a tea. As a more concentrated, resinous form it is called hashish and, as a sticky black liquid, hash oil. Marijuana smoke has a pungent and distinctive, usually sweet-and-sour odor. There are countless street terms for marijuana including pot, herb, weed, grass, widow, ganja, and hash, as well as terms derived from trademarked varieties of cannabis, such as Bubble Gum, Northern Lights, Fruity Juice, Afghani #1, and a number of Skunk varieties.

The main active chemical in marijuana is THC (delta-9-tetrahydrocannabinol). The membranes of certain nerve cells in the brain contain protein receptors that bind to THC. Once securely in place, THC kicks off a series of cellular reactions that ultimately lead to the high that users experience when they smoke marijuana.

The short-term effects of marijuana can include problems with memory and learning; distorted perception; difficulty in thinking and problem solving; loss of coordination; and increased heart rate. Research findings for long-term marijuana abuse indicate some changes in the brain similar to those seen after long-term abuse of other major drugs. For example, cannabinoid (THC or synthetic forms of THC) withdrawal in chronically exposed animals leads to an increase in the activation of the stress-response system and changes in the activity of nerve cells containing dopamine. Dopamine neurons are involved in the regulation of motivation and reward, and are directly or indirectly affected by all drugs of abuse. In addition, marijuana can cause damage to the heart and lungs.

### **Cocaine Metabolites**

Cocaine is a powerfully addictive stimulant drug. The powdered, hydrochloride salt form of cocaine can be snorted or dissolved in water and injected. Crack is cocaine that has not been neutralized by an acid to make the hydrochloride salt. This form of cocaine comes in a rock crystal that can be heated and its vapor smoked. The term "crack" refers to the crackling sound heard when it is heated. *Regardless of how cocaine is used or how frequently, a user can experience acute cardiovascular or cerebrovascular emergencies, such as a heart attack or stroke, which could result in sudden death.* Cocaine-related deaths are often a result of cardiac arrest or seizure followed by respiratory arrest.

Cocaine is a strong central nervous system stimulant that interferes with the reabsorption process of dopamine, a chemical messenger associated with pleasure and movement. *The buildup of dopamine causes continuous stimulation of receiving neurons, which is associated with the euphoria commonly reported by cocaine abusers.*

Physical effects of cocaine use include constricted blood vessels, dilated pupils, and increased temperature, heart rate, and blood pressure. *The duration of cocaine's immediate euphoric effects, which include hyperstimulation, reduced fatigue, and mental alertness, depends on the route of administration. The faster the absorption, the more intense the high. On the other hand, the faster the absorption, the shorter the duration of action. The high from snorting may last 15 to 30 minutes, while that from smoking may last 5 to 10 minutes. Increased use can reduce the period of time a*

user feels high and increases the risk of addiction.

Some users of cocaine report feelings of restlessness, irritability, and anxiety. A tolerance to the "high" may develop—many addicts report that they seek but fail to achieve as much pleasure as they did from their first exposure. Some users will increase their doses to intensify and prolong the euphoric effects. While tolerance to the high can occur, users can also become more sensitive to cocaine's anesthetic and convulsant effects without increasing the dose taken. This increased sensitivity may explain some deaths occurring after apparently low doses of cocaine.

Use of cocaine in a binge, during which the drug is taken repeatedly and at increasingly high doses, may lead to a state of increasing irritability, restlessness, and paranoia. This can result in a period of full-blown paranoid psychosis, in which the user loses touch with reality and experiences auditory hallucinations.

Other complications associated with cocaine use include disturbances in heart rhythm and heart attacks, chest pain and respiratory failure, strokes, seizures and headaches, and gastrointestinal complications such as abdominal pain and nausea. Because cocaine has a tendency to decrease appetite, many chronic users can become malnourished.

Different means of taking cocaine can produce different adverse effects. Regularly snorting cocaine, for example, can lead to loss of the sense of smell, nosebleeds, problems with swallowing, hoarseness, and a chronically runny nose. Ingesting cocaine can cause severe bowel gangrene due to reduced blood flow. People who inject cocaine can experience severe allergic reactions and, as with all injecting drug users, are at increased risk for contracting HIV and other blood-borne diseases.

### **Amphetamines/Methamphetamines**

Methamphetamine is a very addictive stimulant drug that activates certain systems in the brain. It is chemically related to amphetamine but, at comparable doses, the effects of methamphetamine are much more potent, longer lasting, and more harmful to the central nervous system (CNS).

Methamphetamine is a Schedule II stimulant, which means it has a high potential for abuse and is available only through a prescription that cannot be refilled. It can be made in small, illegal laboratories, where its production endangers the people in the labs, neighbors, and the environment. Street methamphetamine is referred to by many names, such as "speed," "meth," and "chalk." Methamphetamine hydrochloride, clear chunky crystals resembling ice, which can be inhaled by smoking, is referred to as "ice," "crystal," "glass," and "tina."

Methamphetamine is taken orally, intranasally (snorting the powder), by needle injection, or by smoking. Abusers may become addicted quickly, needing higher doses and more often. At this time, the most effective treatments for methamphetamine addiction are behavioral therapies such as cognitive behavioral and contingency management interventions.

Methamphetamine increases the release of very high levels of the neurotransmitter dopamine, which stimulates brain cells, enhancing mood and body movement. Chronic methamphetamine abuse significantly changes how the brain functions. Animal research going back more than 30 years shows that high doses of methamphetamine damage neuron cell endings. Dopamine- and serotonin-containing neurons do not die after methamphetamine use, but their nerve endings ("terminals") are cut back, and regrowth appears to be limited. Noninvasive human brain imaging studies have shown alterations in the activity of the dopamine system. These alterations are associated with reduced motor speed and impaired verbal learning. Recent studies in chronic



methamphetamine abusers have also revealed severe structural and functional changes in areas of the brain associated with emotion and memory, which may account for many of the emotional and cognitive problems observed in chronic methamphetamine abusers.

Taking even small amounts of methamphetamine can result in increased wakefulness, increased physical activity, decreased appetite, increased respiration, rapid heart rate, irregular heartbeat, increased blood pressure, and hyperthermia. Other effects of methamphetamine abuse may include irritability, anxiety, insomnia, confusion, tremors, convulsions, and cardiovascular collapse and death. Long-term effects may include paranoia, aggressiveness, extreme anorexia, memory loss, visual and auditory hallucinations, delusions, and severe dental problems.

Also, transmission of HIV and hepatitis B and C can be a consequence of methamphetamine abuse. Among abusers who inject the drug, infection with HIV and other infectious diseases is spread mainly through the re-use of contaminated syringes, needles, and other injection equipment by more than one person. The intoxicating effects of methamphetamine, however, whether it is injected or taken other ways, can alter judgment and inhibition and lead people to engage in unsafe behaviors. Methamphetamine abuse actually may worsen the progression of HIV and its consequences; studies with methamphetamine abusers who have HIV indicate that the HIV causes greater neuronal injury and cognitive impairment compared with HIV-positive people who do not use drugs.

### **Opiate Metabolites**

Opiate Metabolites include narcotics, including heroin, morphine, codeine, and many synthetic drugs used to alleviate pain, depress body functions and reactions. Sometimes narcotics found in medicines are abused. This includes pain relievers containing opium and cough syrups containing codeine. Heroin is illegal and cannot be obtained with a physician's prescription. Most medical problems associated with opiates are caused by uncertain dosages, use of unsterile needles contamination of the drug, or from combining the drug with other drugs.

Opiates can cause the user to have impaired driving skills, experience drowsiness, have impaired vision, and impaired coordination. Narcotics also increase pain tolerance. As a result, a user could more severely injure himself or herself and fail to seek medical attention due to a lack of pain sensitivity.

Heroin is an addictive drug, and its use is a serious problem in America. Heroin is processed from morphine, a naturally occurring substance extracted from the seedpod of the Asian poppy plant. Heroin usually appears as a white or brown powder. Street names for heroin include "smack," "H," "skag," and "junk." Other names may refer to types of heroin produced in a specific geographical area, such as "Mexican black tar."

Heroin abuse is associated with serious health conditions, including fatal overdose, spontaneous abortion, collapsed veins, and, particularly in users who inject the drug, infectious diseases, including HIV/AIDS and hepatitis.

The short-term effects of heroin abuse appear soon after a single dose and disappear in a few hours. After an injection of heroin, the user reports feeling a surge of euphoria ("rush") accompanied by a warm flushing of the skin, a dry mouth, and heavy extremities. Following this initial euphoria, the user goes "on the nod," an alternately wakeful and drowsy state. Mental functioning becomes clouded due to the depression of the central nervous system. Long-term effects of heroin appear after repeated use for some period of time. Chronic users may develop collapsed veins, infection of the heart lining and valves, abscesses, cellulitis, and liver disease. Pulmonary complications,

including various types of pneumonia, may result from the poor health condition of the abuser, as well as from heroin's depressing effects on respiration.

### PCP/Phencyclidine

PCP (phencyclidine) was developed in the 1950s as an intravenous anesthetic. Its use in humans was discontinued in 1965, because patients often became agitated, delusional, and irrational while recovering from its anesthetic effects. PCP is illegally manufactured in laboratories and is sold on the street by such names as angel dust, ozone, wack, and rocket fuel. Killer joints and crystal supergrass are names that refer to PCP combined with marijuana. The variety of street names for PCP reflects its bizarre and volatile effects.

PCP is a "dissociative drug," meaning that it distorts perceptions of sight and sound and produces feelings of detachment (dissociation) from the environment and self. Dissociative drugs act by altering distribution of the neurotransmitter glutamate throughout the brain. Glutamate is involved in a person's perception of pain, responses to the environment, and memory.

PCP is a white crystalline powder that is readily soluble in water or alcohol. It has a distinctive bitter chemical taste. PCP can be mixed easily with dyes and turns up on the illicit drug market in a variety of tablets, capsules, and colored powders. It is normally abused in one of three ways: snorted, smoked, or ingested. For smoking, PCP is often applied to a leafy material such as mint, parsley, oregano, or marijuana.

PCP is addictive—its repeated abuse can lead to craving and compulsive PCP-seeking behavior. First introduced as a street drug in the 1960s, PCP quickly gained a reputation as a drug that could cause bad reactions and was not worth the risk. After abusing PCP once, many people will not knowingly abuse it again. Others attribute their continued abuse to feelings of strength, power, invulnerability, and a numbing effect on the mind.

Many PCP abusers are brought to emergency rooms because of PCP overdose or because of the drug's unpleasant psychological effects. In a hospital or detention setting, these people often become violent or suicidal and are very dangerous to themselves and others. They should be kept in a calm setting and not be left alone.

At low to moderate doses, physiological effects of PCP include a slight increase in breathing rate and a pronounced rise in blood pressure and pulse rate. Breathing becomes shallow, and flushing and profuse sweating occur. Generalized numbness of the extremities and loss of muscular coordination also may occur.

At high doses of PCP, blood pressure, pulse rate, and respiration drop. This may be accompanied by nausea, vomiting, blurred vision, flicking up and down of the eyes, drooling, loss of balance, and dizziness. High doses of PCP can also cause seizures, coma, and death (though death more often results from accidental injury or suicide during PCP intoxication). High doses can cause symptoms that mimic schizophrenia, such as delusions, hallucinations, paranoia, disordered thinking, a sensation of distance from one's environment, and catatonia. Speech is often sparse and garbled.

People who abuse PCP for long periods report memory loss, difficulties with speech and thinking, depression, and weight loss. These symptoms can persist up to a year after stopping PCP abuse. Mood disorders also have been reported. PCP has sedative effects, and interactions with other central nervous system depressants, such as alcohol and benzodiazepines, can lead to coma.

## Alcohol

Alcohol abuse causes over 100,000 deaths in the United States and Canada each year. Alcohol-related motor vehicle accidents are the leading cause of death in teenagers. People who drink alcohol are more likely to engage in high-risk sexual behavior, have poor grades or job performance, use tobacco products, and experiment with illegal drugs. Alcohol and drug use may be an unconscious attempt at self-treatment for another problem, such as depression.

You have an alcohol problem if your use of alcohol interferes with your health or daily living. You develop alcoholism if you physically or emotionally depend on alcohol to get you through your day.

Long-term heavy drinking damages the liver, nervous system, heart, and brain. It also can lead to high blood pressure, stomach problems, medicine interactions, sexual problems, osteoporosis, and cancer. Alcohol abuse can also lead to violence, accidents, social isolation, jail or prison time, and difficulties at work and home.

Symptoms of an alcohol problem include personality changes, blackouts, drinking more and more for the same "high," and denial of the problem. A person with an alcohol problem may gulp or sneak drinks, drink alone or early in the morning, and suffer from the shakes. He or she may also have family, school, or work problems or get in trouble with the law because of drinking.

The use of alcohol with medicines or illegal drugs may increase the effects of each. Alcohol abuse patterns vary. Some people get drunk every day; others drink large amounts of alcohol at specific times, such as on the weekend. It is common for someone with an alcohol or drug problem to call in sick for work on Monday or Friday. He or she may complain of having a virus or the flu. Others may be sober for long periods and then go on a drinking binge that lasts for weeks or months.

Someone with alcohol dependence may suffer serious withdrawal symptoms, such as trembling, delusions, hallucinations, and sweating, if he or she stops drinking suddenly ("cold turkey"). Once alcohol dependence develops, it becomes very difficult to stop drinking without outside help. Medical detoxification may be needed.

## INFORMATION/ASSISTANCE/TRAINING

\_\_\_\_\_ has been designated by the Company to answer questions regarding this policy. Please direct any and all questions that you have regarding this policy to \_\_\_\_\_.

Any Driver who believes he or she has a drug or alcohol dependency problem is urged to contact in confidence the Drug or Alcohol Abuse Hotline (800-382-4357). The Company will provide a Driver with help in locating appropriate assistance programs if the Driver voluntarily seeks such help before the Driver violates Company policy. The Company will strive to handle such requests for help with the utmost confidentiality. Contact \_\_\_\_\_.

The Company will ensure that all persons designated to supervise Drivers receive at least 60 minutes of training on alcohol misuse and receive at least an additional 60 minutes of training on controlled substances use. The training will be used by the supervisors to determine whether reasonable suspicion exists to require a Driver to undergo testing. The training shall include the physical, behavioral, speech, and performance indicators of probable alcohol misuse and use of controlled substances.

## UPDATED LEGAL REQUIREMENTS

The Company's policy will be interpreted to include and be consistent with any changes to applicable law that take effect after date this policy is issued.

CONSENT FOR DRUG & ALCOHOL TESTING

MEDICAL RECORDS RELEASE

(To be completed by the Driver at the time sent for testing)

I hereby consent and agree to give a sample of my urine, breath and/or saliva in accordance with Appliance Distribution Inc.'s Substance Abuse and Alcohol Policy and Procedure. I understand that the purpose of performing any test necessary is to determine the presence of controlled substances or alcohol in my body and compliance with Company policy and/or any applicable government regulations. I authorize \_\_\_\_\_, a medical review officer, to order such laboratory tests as may be necessary to determine the presence of drugs or alcohol on behalf of

I hereby authorize \_\_\_\_\_, a testing laboratory, to release to \_\_\_\_\_, a medical review officer, and/or Appliance Distribution Inc, or its designated agents, the results of the laboratory tests to which I have consented for the purpose of determining the presence of controlled substances or alcohol in my body. I expressly understand and agree that Appliance Distribution Inc. will utilize the results of these tests in connection with making a decision concerning my qualification to drive a commercial motor vehicle and my application for employment and/or a decision concerning my continuing employment at the Company. Other than for the purpose of making a determination concerning my application and/or my continued employment at Company, I understand that the results shall not be used or any further medical information released pursuant to this authorization unless expressly authorized by me or unless such disclosure is required by law. I understand that I have the right to receive a copy of this authorization and the results of the controlled substance test or alcohol upon request.

\_\_\_\_\_  
Applicant/Employee Name (print)

\_\_\_\_\_  
Applicant/Employee's Signature

\_\_\_\_\_  
Date

APPLIANCE DISTRIBUTION INC.'S  
SUBSTANCE AND ALCOHOL ABUSE POLICY AND PROCEDURE

EMPLOYEE ACKNOWLEDGMENT

I hereby acknowledge that I have received a copy of Appliance Distribution Inc.'s Substance and Alcohol Abuse Policy and Procedure (DOT Driver Version), have read it, understand it, and agree to abide by it. I also understand that, as a condition of employment, I will be required to submit to testing under the policy and sign the Company's authorization and medical information release forms.

\_\_\_\_\_  
Employee Name (print)

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

RELEASE OF INFORMATION FORM

Section I. To be completed by the new employer, signed by the employee, and transmitted to the previous employer:

Employee Printed or Typed Name:

\_\_\_\_\_

Employee SS or ID Number:

\_\_\_\_\_

I hereby authorize release of information from my Department of Transportation regulated drug and alcohol testing records by my previous employer, listed in Section I-B, to the employer listed in Section I-A. This release is in accordance with DOT Regulation 49 CFR Part 40, Section 40.25. I understand that information to be released in Section II-A by my previous employer, is limited to the following DOT-regulated testing items:

1. Alcohol tests with a result of 0.04 or higher;
2. Verified positive controlled substance tests;
3. Refusals to be tested (including verified adulterated or substituted drug test results);
4. Other violations of DOT regulations;
5. Information obtained from previous employers of a drug and alcohol rule violation;
6. Documentation, if any, of completion of the return-to-duty process following a rule violation.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I-A.

New Employer Name:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone #: \_\_\_\_\_ Fax \_\_\_\_\_

Designated \_\_\_\_\_ Employer \_\_\_\_\_ Representative: \_\_\_\_\_

I-B.

Previous \_\_\_\_\_ Employer \_\_\_\_\_ Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone #: \_\_\_\_\_

Designated \_\_\_\_\_ Employer \_\_\_\_\_ Representative \_\_\_\_\_ (if known): \_\_\_\_\_

Section II. To be completed by the previous employer and transmitted by mail or fax to the new employer:

II-A. In the two years prior to the date of the employee's signature (in Section I), for DOT-regulated testing:

1. Did the employee have alcohol tests with a result of 0.04 or higher?  
YES \_\_\_\_ NO \_\_\_\_
2. Did the employee have verified positive drug tests?  
YES \_\_\_\_ NO \_\_\_\_
3. Did the employee refuse to be tested?  
YES \_\_\_\_ NO \_\_\_\_
4. Did the employee have other violations of DOT agency drug and alcohol testing



regulations?

YES \_\_\_\_ NO \_\_\_\_

5. Did a previous employer report a drug and alcohol rule violation to you?

YES \_\_\_\_ NO \_\_\_\_

6. If you answered "yes" to any of the above items, did the employee complete the return-to-duty process?

N/A \_\_\_\_ YES \_\_\_\_ NO \_\_\_\_

NOTE: If you answered "yes" to item 5, you must provide the previous employer's report. If you answered "yes" to item 6, you must also transmit the appropriate return-to-duty documentation (e.g., SAP report(s), follow-up testing record).

II-B.

Name of person providing information in Section II-A:

\_\_\_\_\_

Signature

\_\_\_\_\_

Title: \_\_\_\_\_

Phone #: \_\_\_\_\_

Date: \_\_\_\_\_

## JACO DRUG AND/OR ALCOHOL RELEASE CONSENT FORM

I hereby agree, upon a request made under the drug/alcohol testing policy of JACO Environmental, Inc. to submit to a drug or alcohol test and to furnish a sample of my urine, breath, and/or blood for analysis. I understand and agree that if I at any time refuse to submit to a drug or alcohol test under company policy, or if I otherwise fail to cooperate with the testing procedures, I will be subject to immediate termination. I further authorize and give full permission to have the Company and any of its company physician send the specimen or specimens so collected to a laboratory for a screening test for the presence of any prohibited substances under the policy, and for the laboratory or other testing facility to release any and all documentation relating to such test to the Company and/or to any government entity involved in a legal proceeding or investigation connected with the test. Finally, I authorize the company to disclose any documentation relating to such test to any government entity involved in a legal proceeding or investigation connected with the test.

I understand that only duly-authorized Company officers, employees, and agents will have access to information furnished or obtained in connection with the test; that they will maintain and protect the confidentiality of such information to the greatest extent possible; and that they will share such information only to the extent necessary to make employment decisions and to respond to inquiries or notice from government entities.

I will hold harmless the Company, its company physician and any testing laboratory the Company might use, meaning that I will not sue or hold responsible such parties for any alleged harm to me that might result from such testing, including loss of employment or any other kind of adverse job action that might arise as a result of the drug or alcohol test, even if a Company or laboratory representative makes an error in the administration or analysis of the test or the reporting of the results. I will further hold harmless the Company, its company physician, and any testing laboratory the Company might use for any alleged harm to me that might result from the release or use of information or documentation relating to the drug or alcohol test, as long as the release or use of the information is within the scope of this policy and the procedures as explained in the paragraph above.

This policy and authorization have been explained to me in a language I understand, and I have been told that if I have any questions about the test or the policy, they will be answered.

**I UNDERSTAND THAT THE COMPANY WILL REQUIRE A DRUG SCREEN TEST UNDER THIS POLICY WHENEVER I AM INVOLVED IN AN ON-THE JOB ACCIDENT OR INJURY UNDER CIRCUMSTANCES THAT SUGGEST POSSIBLE INVOLVEMENT OR INFLUENCE OF DRUGS OR ALCOHOL IN THE ACCIDENT OR INJURY EVENT.**

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Name - Printed

\_\_\_\_\_  
Company Representative

\_\_\_\_\_  
Date

**SUBCONTRACTING PLAN QUESTIONNAIRE**

**THIS FORM MUST BE COMPLETED, SIGNED AND SUBMITTED WITH YOUR PROPOSAL, ALONG WITH YOUR COMPANY'S SUBCONTRACTING PLAN, OR COMPLETED AND SIGNED AESC SUBCONTRACTING PLAN FORM 37-216, IF REQUIRED PER QUESTION #3.**

SMALL BUSINESS SUBCONTRACTING PROGRAM - BIDDING THIS CONTRACT MAY REQUIRE SUBMITTAL OF A SUBCONTRACTING PLAN IN COMPLIANCE WITH PUBLIC LAW 95-507.

1. ARE YOU A LARGE BUSINESS CONCERN - DEFINED AS A BUSINESS EXCEEDING THE SMALL BUSINESS SIZE CODE STANDARDS ESTABLISHED BY THE SMALL BUSINESS ADMINISTRATION AS SET FORTH IN CFR, TITLE 13, PART 121?

NO ( ) YES ( X ) IF YES, CONTINUE TO QUESTION 2.

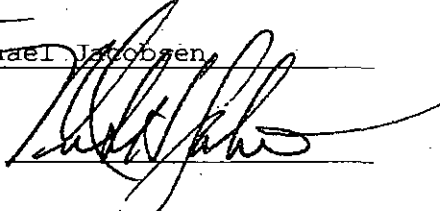
2. CAN THIS CONTRACT EQUAL OR EXCEED \$550,000?

NO ( ) YES ( X ) IF YES, CONTINUE TO QUESTION 3.

3. WILL BIDDER SUBCONTRACT ANY PORTION OF THIS WORK?

NO ( ) YES ( X ) IF YES, BIDDER IS REQUIRED TO FILE A SUBCONTRACTING PLAN WITH ALLEGHENY ENERGY.

Name: Michael Jacobsen

Signature: 

Company: JACO Environmental, Inc. Date: October 05, 2009

**Pursuant to Public Law 95-507, Small Business Investment Act Section 8 (d), this Plan is submitted for the consideration of:**

**Allegheny Energy Service Corporation – Procurement Contracting Activity**

The Subcontracting Plan will be in effect for the following period and covers the contractor's planned subcontracting of all contracts on a company-wide or division-wide basis (contractor to indicate which).

Start Date:

07/01/2009

End Date:

07/01/2012

1. Total Procurement Dollars Planned To Be Subcontracted:

(\$)

\$535,088.00

2. Subcontracting Goals: The following goals for the utilization of small business and small business concerns owned and controlled by socially and economically disadvantaged individuals are expressed in terms of percentages of the total planned subcontracting dollars stated in #1 above.

**Goals**

HUBZone Small Business

Percent

Dollars

Service-Disabled Veteran-Owned Small Business

Percent

Dollars

Small Business

Percent

Dollars

Small Disadvantaged Business

Percent

Dollars

Veteran-Owned Small Business

Percent

Dollars

Women-Owned Small Business

Percent

Dollars

3. Contractor plans or does not plan to subcontract supplies and services.

If the Contractor plans to subcontract supplies and services, the types of supplies and services planned for subcontracting and, specifically, those planned for subcontracting to (i) Small business concerns; (ii) Veteran-owned small business concerns; (iii) Service-disabled veteran-owned small business concerns; (iv) HUBZone small business concerns; (v) Small disadvantaged business concerns; and (vi) Women-owned small business concerns are as follows:

Plans

4. The method used to develop the subcontracting goals in paragraph 2 is as follows:

Appliance collection services

Previous direct highly successful experience with the specific appliance collection services firm (small disadvantaged business) to be used on this project.

5. The method used to identify potential sources for solicitation purposes (e.g., existing company sources lists, the Procurement Marketing and Access Network (PRO-Net) of the Small Business Administration (SBA), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations) is as follows:

26.1

\$535,088.00

Note: A firm may rely on the information contained in PRO-Net as an accurate representation of a concern's size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, service-disabled veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of PRO-Net as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.

6. Contractor Included / Did not include indirect costs in establishing subcontracting goals.

If the Contractor included indirect costs, a description of the method used to determine the proportionate share of indirect costs to be incurred with (i) Small business concerns; (ii) Veteran-owned small business concerns; (iii) Service-disabled veteran-owned small business concerns; (iv) HUBZone small business concerns; (v) Small disadvantaged business concerns; and (vi) Women-owned small business concerns is as follows:

7. The efforts made to ensure that Veteran-Owned Small Business, Service-Disabled Veteran-Owned Small Business, HUBZone Small Business, Small Disadvantaged Business and Women-Owned Small Business will have an equitable opportunity to compete for subcontracts are as follows:

8. By signing the Plan, the contractor agrees that assurance clauses titled "Utilization of Small Business Concerns" [48 CFR §52.219-8] as stated below, will be included in all subcontracts that offer further subcontracting opportunities, and all solicitations and subcontractors (except small business concerns) who receive subcontracts in excess of \$550,000 (\$1,000,000 for construction of any public facility) will be required to adopt a Plan similar to this Plan.

"Utilization of Small Business Concerns" [48 CFR §52.219-8]. The following clause must be included in contracts greater than \$100,000, unless (1) a personal services contract is contemplated or (2) the contract, together with all its subcontracts, will be performed entirely outside of the United States and its outlying areas.

A. It is the policy of the United States that small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns.

Previous direct highly successful experience with the specific appliance collection services firm (small disadvantaged business) to be used on this project.

Included

Subcontracting goals include subcontractor's full quoted fees.

See above. L

L  
Additionally, note that marketing services are not a formal portion of this contract (as they are slated to be done in-house by Allegheny Power), but if they were, an additional major portion of the contract (>10%) would go to a women-owned small business.

B. The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

C. Definitions. As used in this contract:

**"HUBZone small business concern" means a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration.**

**"Service-disabled veteran-owned small business concern":**

1. Means a small business concern:

i. Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

ii. The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

2. Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

**"Small business concern" means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto.**

**"Small disadvantaged business concern" means a small business concern that represents, as part of its offer, that:**

1. It has received certification as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B;
2. No material change in disadvantaged ownership and control has occurred since its certification;
3. Where the concern is owned by one or more individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and
4. It is identified, on the date of its representation, as a certified small disadvantaged business in the database maintained by the Small Business Administration (PRO-Net).

**"Veteran-owned small business concern" means a small business concern:**

1. Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
2. The management and daily business operations of which are controlled by one or more veterans.

**"Women-owned small business concern" means a small business concern:**

1. That is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
2. Whose management and daily business operations are controlled by one or more women.

D. Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as a small business concern, a veteran-owned small business concern, a service-disabled veteran-owned small business concern, a HUBZone small business concern, a small disadvantaged business concern, or a women-owned small business concern.

9. The contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act.

10. By signing the Plan the contractor assures (i) submission of periodic reports; (ii) cooperation in any studies or surveys required by the Federal Agency or Administration to determine the extent of compliance to the Subcontracting Plan; (iii) submission of Standard Form (SF) 294, subcontracting Report for individual Contracts, and/or SF 295, Summary subcontract Report. The reports shall provide information on subcontract awards to small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, women-owned small business concerns, and Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with the instructions on the forms or as provided in agency regulations.

11. List the types of records maintained to demonstrate procedures that have been adopted to comply with the requirements and goals of the Plan, including established source lists and a description of efforts to locate small HUBZone, small disadvantaged, women-owned small business sources and veterans service organizations and subcontracts awarded (e.g., source lists, guides, organizations contacted, outreach efforts, internal guidance, workshops, training, seminars, monitoring performance, etc.).

**NOTE: Contractor is required to keep records of solicitation of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns for each contract greater than \$100,000.**

12. Name and description of the duties of the individual responsible for administering the subcontracting program.

Company Name:

Name:

Title:

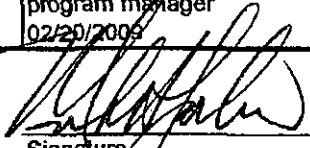
Address:

Telephone Number:

Duties:

Today's Date:

JACO Environmental  
Sam Sirkin  
Business Development  
6908 SW 37th, Portland, OR 97219  
503-293-8059  
program manager  
02/20/2009

  
Signature

10/05/2009  
Date

**ALLEGHENY POWER**

**CONTRACT SUBMITTAL**

**SAFETY AND HEALTH COMMITMENT**  
**(In addition to the General Terms/Conditions)**

Allegheny Power believes that the commitment and involvement of all employees to safety is essential. This includes the employees of Contractors working on Allegheny's sites or on non-company owned sites. To insure this commitment, Contractor shall require that its employees perform all work safely and in full compliance with all applicable safety and health laws, applicable federal and state laws, local ordinances, OSHA requirements and all safety rules, regulations and instructions set forth by Allegheny as part of the job assignment.

Contractor shall designate one individual to be responsible for Contractor's compliance with safety requirements outlined in this contract. Contractor shall promptly notify appropriate Allegheny Power personnel of any safety violations and incidents, which may have an adverse impact upon health and safety of Contractor's personnel or Allegheny's employees. All incidents, which may require first aid or medical treatment, must be reported to Allegheny promptly and in no case later than 24 hours. All recordable OSHA 300A log incidents must be reported promptly to Allegheny.

Working safely is a condition of employment. Allegheny's representatives will notify Contractor of apparent violation or non-compliance with safety provisions. Contractor shall immediately make reasonable efforts to correct any violation. If Contractor does not do so within 48 hours, Allegheny may cause work to be stopped until such time as Contractor has taken corrective action to Allegheny's satisfaction. Work stoppage by Allegheny shall not be subject to claims by Contractor for damages.

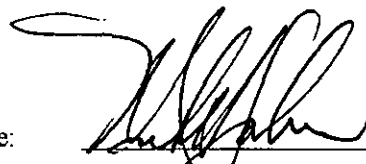
Contractor-provided tools and equipment, including personal protective equipment, must meet OSHA requirements and be properly maintained for safe accomplishment of the work assignment. All tools and equipment, which may be used to perform work for Allegheny, shall be under the exclusive direction and control of the Contractor. All tools and equipment shall be in safe and operable condition. Allegheny has the right to refuse or restrict the use of tools or equipment if, in Allegheny's opinion, safety may be compromised or jeopardized.

Submitted by:

Signature:

Company:

Date:

 Michael Jacobsen  
JACO Environmental, Inc.  
7/19/10



Address  [http://www.puc.state.pa.us/electric/electric\\_CSP\\_registry.aspx](http://www.puc.state.pa.us/electric/electric_CSP_registry.aspx)

Company Name	Docket Number	Expiration Date	Contact Name	Contact Address	Contact Telephone	Contact Email
JACO Environmental Inc.	A-2009-2113654	7/29/2011	Michael H. Jacobsen	PO Box 1478 Snohomish WA 98291	(800) 741-0172	

Vendor Name JACO Environmental, Inc.

Date July 19, 2010

Contact Person Michael Jacobsen

St Address PO Box 1478

City, St, Zip Snohomish, WA 98291

**Re: Verification of Non Affiliation with a Pennsylvania Electric Distribution Co. for Allegheny Power Contract # 4600002873**

Act 129 defines a CSP as "an entity that provides information and technical assistance on measures to enable a person to increase energy efficiency or reduce energy consumption and that has no direct or indirect ownership, partnership or other affiliated interest with an electric distribution company." 66 Pa.C.S. § 2806.1(m). As the Commission and EDCs must be able to identify the type of entity a CSP is and confirm that it is not owned, partnered or affiliated with an EDC, the Commission requires all CSP's to provide the following information for contract approval.

Please provide the information below and return via e-mail or U.S. mail to Mary Shellhammer at [mshellh@alleghenypower.com](mailto:mshellh@alleghenypower.com) or Allegheny Power, Suite 1000, 126 Mathews St, Greensburg, PA 15601.

1. Legal name of the applicant JACO Environmental, Inc.
2. Principal place of business 18323 Bothell-Everett Highway, ste 220, Bothell, WA 98012
3. Names of parent and subsidiary companies and affiliates that are CSPs and EDCs

JACO Environmental, Inc., 2705 Clemens Rd., Bldg A, Hatfield, PA 19440

JACO Environmental, Inc., 166 Thorn Hill Road, Warrendale, PA 15086

Signature:  \_\_\_\_\_

**West Penn Power Company  
d/b/a Allegheny Power**

**Request for Proposal  
of  
Refrigerator, Freezer,  
Room Air Conditioner  
Recycler**

**January 5th, 2010**

**TABLE OF CONTENTS**

1. **Introduction**.....3

2. **Purpose**.....3

3. **General Instructions**.....3

4. **Confidential Information and Confidentiality Agreements**.....3

5. **Modification or Cancellation of the RFP**.....4

6. **Question, Comment and Response Process**.....4

7. **Capability and Experience** .....4

8. **Additional Information** .....5

9. **No Commitment to Award Contracts** .....5

10. **Warranty on Information** .....5

11. **Hold Harmless**.....6

12. **Bidder’s Acceptance & Requirements**.....6

13. **Permits, Licenses and Compliance with the Law** .....6

14. **Proprietary Information** .....6

15. **General Terms and Conditions**.....6

16. **Bidders not EDC Affiliates**.....7

17. **Scope of Work** .....7

18. **Monitoring Provisions and Procedures** .....10

19. **Execution of Agreement** .....11

**APPENDICES**

1. **Confidentiality Agreement**
2. **General Terms and Conditions, Form 26-069**
3. **Background Investigation, Form 35-519**

1. **Introduction**

West Penn Power Company d/b/a Allegheny Power (hereinafter referred to as “Allegheny Power” or as “the Company”) is seeking Conservation Service Providers to assist in development and implementation of demand side management programs in Pennsylvania as a result of Pennsylvania Act 129 of 2008.

Allegheny Power, headquartered in the City of Greensburg, Pa, is a subsidiary of Allegheny Energy, Inc., an investor-owned electric utility with total annual revenues of over \$3 billion and more than 4,000 employees. Allegheny Power is an electric distribution company that provides electric delivery service in all or parts of 23 counties in western and central Pennsylvania. Allegheny Power provides electric distribution service in all or parts of Adams, Allegheny, Armstrong, Bedford, Butler, Cameron, Centre, Clarion, Clinton, Elk, Fayette, Franklin, Fulton, Greene, Huntingdon, Indiana, Jefferson, Lycoming, McKean, Potter, Somerset, Washington and Westmoreland Counties, Pennsylvania. Allegheny Power provides electric distribution service in Pennsylvania to approximately 715,000 customers, comprised of approximately 620,000 residential customers, approximately 81,000 commercial customers, and approximately 13,500 industrial customers. Allegheny Power is subject to the regulatory jurisdiction of the Pennsylvania Public Utility Commission (hereinafter referred to as “Pennsylvania Commission”).

2. **Purpose**

The purpose of this Request for Proposal (“RFP”) is to identify and contract with an experienced Conservation Service Provider (“CSP”) capable of providing cost-effective, turnkey services for Refrigerator, Freezer, and Room Air Conditioner pick-up and Recycling services to support its EE&C program. The program will be designed to reduce energy usage by enabling customers to implement energy efficient measures in accord with the Act 129 and in accord with Orders of the Pennsylvania Commission implementing Act 129.

3. **General Instructions**

Bidders are required to follow all the instructions set forth in the RFP. In submitting a proposal, it is imperative that complete documentation be provided, that the forms and agreements provided by the Company be used, that all exhibits and attachments be clearly marked and identified, and that the proposal is organized in the manner prescribed.

4. **Confidential Information and Confidentiality Agreements**

The Company and its agents will treat as confidential all proposals submitted by bidders and communications between bidders and the Company. Bidders are submitting their proposals with the knowledge and understanding that, regardless of confidentiality of any information submitted by them, it is subject to disclosure to the Pennsylvania

Commission and its Staff, or any other governmental authority or judicial body with jurisdiction relating to these RFP matters, and further may be subject to legal discovery.

The Company will ensure that all bidders have access to the same information from the Company and that no bidder will have selective or otherwise preferential access to market sensitive information from the Company through this RFP.

The CSP and Company will be required to execute the Confidentiality Agreement prior to contract award. An electronic copy of the Confidentiality Agreement can be found as attached Appendix 1.

Certain information related to all received bids may be provided to the Pennsylvania Commission and its Staff, or any other governmental authority or judicial body with jurisdiction relating to these RFP matters, and further may be subject to legal discovery. Such information will be considered confidential between Allegheny Power and the bidders, and Allegheny Power will provide the information to the Pennsylvania Commission on a confidential basis. However, Allegheny Power shall not be held responsible should the Pennsylvania Commission or its Staff, or any other governmental authority or judicial body with jurisdiction relating to these RFP matters, make such information public.

**5. Modification or Cancellation of the RFP**

Allegheny Power reserves the right, in its sole judgment and discretion, to modify or cancel this RFP. Allegheny Power will post a notice on the RFP website and make reasonable efforts to notify participants of any such changes, cancellations, or schedule changes. Allegheny Power shall not have any responsibility for making such notification. Allegheny Power shall not have any liability for damages suffered by bidders as a result of modification or cancellation of the RFP.

**6. Question, Comment and Response Process**

All questions and comments submitted by bidders and stakeholders, as well as the Allegheny Power's responses to such questions and comments, will be posted on the RFP website as E-mailed to each bidder. Accordingly, bidders and stakeholders should avoid including information in their questions and comments that they would not want disclosed. The official response to questions is the written response posted to the website. Allegheny Power's objective in posting these questions, comments, and responses is to ensure all bidders have equal access to information that may be relevant to their respective proposals.

**7. Capability and Experience**

Each bidder must be an entity that provides information and technical assistance on measures to enable a person or entity to increase energy efficiency or reduce energy consumption. Each bidder must have at least three years of documented experience in

providing program consultation, design, administration and management services related to energy efficiency and conservation services. Each bidder must provide sufficient evidence to demonstrate its capabilities and level of experience in developing and implementing these types of programs for which it intends to submit a proposal. Bidders shall provide full and complete documentation, including references with telephone number and email addresses, of previous experience over the last three to five years in successful project development and implementation rolls.

Each bidder must certify that it will meet the experience and technical qualifications required by the Pennsylvania Commission regarding the bidder's experience and technical qualifications. Those qualifications are found on Page 7 of the Pennsylvania Commission's Order entered December 22, 2008, at Docket No. M-20078-20741545.

Each bidder must certify that it will meet the financial fitness and insurance standards required by the Pennsylvania Commission. Those standards are found on page 8 of the Pennsylvania Commission's Order entered December 22, 2008, at Docket No. M-20078-20741545.

**8. Additional Information**

Allegheny Power may request additional information and materials from any bidder for evaluation of a proposal. Failure to provide such additional information and materials may result in rejection of the proposal for further evaluation.

**9. No Commitment to Award Contracts**

Allegheny Power reserves the right to terminate the RFP process or reject any or all of the proposals received in response to this RFP at its sole discretion. Also, the bidder understands that this RFP is not intended to and does not constitute a commitment by the Company to consummate any definitive agreement with any bidders. Neither the Company nor any bidder will have any rights or obligations of any kind whatsoever by virtue of the RFP or any other written or oral expression by any party hereto.

**10. Warranty on Information**

The information provided in the RFP, or on the Company's RFP website, has been prepared to assist bidders in evaluating the RFP. It does not purport to contain all the information that may be relevant to a bidder in satisfying its due diligence efforts. The Company makes no representation or warranty expressed or implied, as to the accuracy or completeness of the information, and shall not, individually or as a corporation, be liable for any representation expressed or implied in the RFP or any omissions from the RFP, or any information provided to a bidder by any other source.

A bidder should check the Company's website frequently, to ensure it has the latest documentation and information. Neither the Company nor its representatives shall be

liable to a bidder or any of its representatives for any consequences relating to or arising from the bidder's use of outdated information.

**11. Hold Harmless**

Bidders shall hold the Company harmless of and from all damages and costs, including but not limited to legal costs, in connection with all claims, expenses, losses, proceedings or investigations that arise as a result of the RFP or the award of a bid pursuant to the RFP.

Bidders recognize and hereby agree that Allegheny Power may be subject to significant civil penalties under Act 129 for failure to achieve required reductions in consumption, and each bidder agrees that it will be liable for a proportionate share of such civil penalty should its action or inaction have resulted in or contributed to a failure to achieve energy and efficiency goals set in Act 129, specifically Act 129 electric consumption reduction goals and electric peak demand goals.

Each bidder further recognizes and agrees that poor performance or non-compliance with these terms, or the standards of Act 129 and Orders of the Pennsylvania Commission implementing Act 129 will provide the Company a cause of action against bidder for damages resulting from such poor performance or non-compliance.

**12. Bidder's Acceptance & Requirements**

The submission of a proposal to the Company shall constitute a bidder's acknowledgment and acceptance of all the terms, conditions and requirements of this RFP. The Bidder is required to be an approved and registered CSP with the PA PUC.

**13. Permits, Licenses and Compliance with the Law**

Supplier shall obtain all licenses and permits that may be required by any governmental body or agency necessary to conduct supplier's business or to perform hereunder. Supplier's subcontractors, employees, agents and representatives of each in performance hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements.

**14. Proprietary Information**

The treatment of proprietary and confidential information of any bidder and of the Company is addressed in the Confidentiality Agreement (Appendix 1).

**15. General Term and Conditions**

The agreement will be governed by the Allegheny Energy Service Corporation General Terms and Conditions attached hereto as Appendix #2.



**16. Bidders not EDC affiliates**

Each bidder must certify that it is not affiliated with an EDC through ownership, partial ownership or control. Affiliation or merger with an EDC by a CSP at any time during the term of the contract will constitute a breach of the contract by the CSP and cause the termination of the contract. The CSP will immediately notify Allegheny Power of a merger and provide for automatic termination of the contract. The CSP is required to maintain registration with the PA PUC as an approved CSP during the term of the contract.

**17. Scope Of Work**

The Program will be marketed, advertised and administered by Allegheny Power. Allegheny Power anticipates a 3-year contract with annual reviews of contractor and program performance. The Program will tentatively begin on January 1, 2010 and continue through May 31, 2013. The coverage area is Allegheny Power's service territory in Pennsylvania according to the above map. Qualifying refrigerators, freezers and room air conditioners must be running, have a rated capacity between 10-30 cubic feet and cannot be ENERGY STAR units. Customers may turn in up to 2 units per account per year. In exchange for each refrigerator, freezer, and room air conditioner collected, customers receive a cash incentive of ~ \$35.00/unit via a mail in rebate contractor. The contractor's onsite collector will verify unit and rebate amount to be paid. The contractor will issue the incentive to the customer. . It is expected that the Program will collect and recycle 3600 refrigerator units in PA annually for three years. The Program annual targets may be adjusted and the Program contract period may be extended for additional years at Allegheny Power's discretion. Freezers and Room Air Conditioners pending costs maybe added to the program in the near future. "Allegheny Power does not guarantee any certain volume of home appliances to be recycled under this contract. Seller will not have exclusive rights to recycle appliances for Allegheny Power Pennsylvania customers."

**Task 1: Program Launch / Mobilization**

Program launch includes 2 program kick-off meetings with Allegheny Power at 800 Cabin Hill Dr., Greensburg PA 15601. These meetings will finalize program design, review Allegheny Powers marketing plan, develop website integration, set up the data base and agree on reporting inclusions and formats. Program launch includes mobilization of a program delivery team in Allegheny Powers territory, establishment of appliance pick-up and recycling operations and channels for recycled materials.

**Task 2: Program Setup and Customer Service**

The Contractor will provide the facilities, equipment, and personnel to operate the Program which includes interacting directly with Allegheny Power's customers. These services will include:

- Establish a toll-free telephone number and website for customer enrollment, appointment scheduling, and questions.
- Maintain a database to store and track interactions with the customers as well as detailed information about each refrigerator/freezer unit collected.
- Provide trained customer service staff for assisting customers with questions about the Program, qualifying customers and facilitating participation.
- Verify customer eligibility verifying that caller is an Allegheny Power customer and qualifying their refrigerator, freezer and/or room air conditioner.
- Schedule in-home appliance removal appointments. Offer choices of service dates, including Saturday, and morning/afternoon collection, handle reschedule and cancellation requests. Provide 2-person crews for all removals.
- Provide customers with information about preparing their appliance for removal (appliance must be empty, plugged in, accessible and working at the time of pickup).
- Provide customers with a day-ahead confirmation call.
- Produce written confirmation of appliance collection.

**Task 3: Collect and Transport Refrigerators, Freezers**

The Contractor will provide the means to collect the refrigerators, freezers and/or room air conditioners from the customer locations and transport them to the recycling location.

Components of this service will include:

- Hire, screen and train drivers and refrigerator collection staff (all drivers and collection staff require thorough background checks).
- Provide up-to-date collection vehicles (no more than 3 years old), tools, and equipment necessary for safe and efficient removal.
- Remove units from within the home.
- Enter unit into database reporting system.
- Deface/disable the appliance before transporting.
- Record unit collection and secure customer acknowledgement of collection and disabling of the appliance.
- Transport units to a licensed processing and recycling facility.

**Task 4: Recycle Refrigerators, Freezers and Room Air Conditioners**

The Contractor will provide the means to completely, safely, and legally recycle all refrigerator components, including but not limited to CFC and HCFC ozone depleting substances, oil, PCB's, mercury and foam insulation as described below. Allegheny Power is seeking to have retired refrigerators, freezers and/or room air conditioners recycled such that materials are reclaimed and reused to the greatest degree possible and amounts of materials sent to landfills or incinerated are limited to the greatest extent. All greenhouse gases and ozone depleting substances should be captured and destroyed and other hazardous waste handled responsibly.

The Contractor will be responsible for the following recycling activities:

- Ensure the recycling facility is in compliance with all federal, state and local hazardous-waste management and recycling regulations, including the federal Clean Air Act and Health and Safety Code (HSC). (Ex's 40 CFR Parts, 273, 279, and 761, 40 CFR 82.156(f)(2)(These examples are not all inclusive))
- Recover, reclaim, and/or destroy all chlorofluorocarbon (CFC), hydro chlorofluorocarbon (HFC-134a), and non-CFC refrigerants in compliance with all applicable federal, state and local hazardous-waste regulations. Facilities with independent certification of 95% CFC/HFC) capture are preferred.
- Recover and destroy all CFC-11 and HCFC 141b blowing agents in the polyurethane foam insulation of the refrigerators and freezers in a manner that complies with all applicable federal, state and local hazardous-waste regulations. Facilities with independent certification of 95% CFC/HCFC capture are preferred.
- Remove, label, and store, in compliance with all applicable regulations, all materials requiring special handling, such as capacitors containing polychlorinated biphenyls (PCBs), mercury-containing switches, and used oils prior to shipment to licensed facilities for disposal or recycling.
- Recycle all glass, metals, plastics and foam (free of blowing agents).
- Recycling processes will meet the requirements of the EPA's RAD program.
- Complete all filings and certifications required by applicable federal, state and local laws to verify the proper disposal of the units.

The Contractor, its agents, employees and sub-contractors, shall indemnify, defend, save and hold harmless Allegheny Power, including any of its agents, employees, affiliates and subsidiaries, from any and all liabilities, charges, expenses and costs on account of or by reason of any such liabilities, claims, suits or losses in any way relating to the Contractor's intentional acts or negligence and/or Contractor's failure to comply with the requirements of the RFP or any applicable federal, state or local laws related to the collection, disposal and recycling of the units and the parts contained within the units.

#### **Task 5: Program Reporting**

The Contractor is expected to keep Allegheny Power well informed of the Program's progress. This communication is expected to be both informal (i.e., phone calls and e-mails), through on-line/real-time systems and through formal reporting.

- a. Database and automated reporting systems - The Contractor should maintain a program reporting database that tracks all aspects of the Program from scheduling pick-ups through the recycling process, including detailed tracking of all materials recovered from the process. The database should be an existing, fully-debugged system capable of providing information to the Allegheny Power in real-time. Preference will be for systems that can provide a Program "dashboard" showing updated key indicators including the number of units recycled, and energy savings.
- b. Invoices will be submitted monthly documenting services provided, including:
  - Customer name and address

- Number of appliances collected or rejected, by zip code
  - Reasons for rejection of appliance
  - Number of appliances recycled
  - Model/style (single-door, top freezers, side-by-side, and bottom freezer refrigerators, upright and chest freezers), defrost type, presence of icemaker, capacity (in cubic feet), estimated vintage, amperage/BTU's, and location in the home from which it was removed
  - Number and reason for customer no shows.
- c. Submit monthly reports summarizing Program activities and results, including data from invoices and the following:
- Number of units collected and/or rejected and recycled
  - Status of Program compared with projections
  - Financial summary
  - Unit information (Refrigerator or standalone freezer, location, primary or secondary, age, size, defrost type, etc.)
  - Estimated energy savings
  - Estimated environmental benefits of the Program (estimated pounds of CFCs/HCFCs/HFCs, PCBs, mercury, oil, and metals removed for disposal or recycling).
  - Summary of customer complaints
- d. Annual Reports
- Provide an overall program report for the (calendar) year
  - Due by Jan 30<sup>th</sup> of the following year (provide 60 days from final appliance recycling in order to assure complete hazmat reporting)
  - Must include a database report (Excel or Access) of all units collected
  - Reporting systems that meet the requirements of the EPA's RAD program are preferred.

## **18. Monitoring Provisions and Procedures**

(Allegheny Power is considering a separate contract to consult, design, and implement an EM&V plan. The EM&V tasks being contemplated are:

- Design and document a comprehensive and complete EM&V strategy for each of the Act 129 plan categories.
- Implement the EM&V strategy and provide all data, analysis and information to the EDC to support the evaluation of and the reporting.)

The Evaluation, Monitoring and Verification Proposal and Plan ("EM&V") for each program will contain the following:

- High-level summary of audit plan.
- Programs to be audited and the program logic/theory.

- The format and type of documentation identifying plan expenditures.
- The type and format of data used to measure and verify energy savings.
- Descriptions of metrics to be used (including energy and demand savings metrics) for each program.
- Description of the methodologies, procedures and data tracking systems to be used by the Auditor to verify the impact evaluations and project verifications for each plan, including data gathering, sampling and analysis methods.
- Audit approaches to be used for each program, including how realization rates and net-to-gross ratios will be determined.
- The type and format of data used to evaluate the cost-effectiveness of expenditures.

**19. Execution of Agreement**

Upon execution of the Purchase Order issued by Allegheny Power Service Corporation, agent for Allegheny Power, the terms and conditions of the Request for Proposal, General Terms and Conditions, and Non Disclosure Agreement, shall constitute the Agreement, with intent to be legally bound, between bidder and Allegheny Power.

Bidders are required to execute the Confidentiality Agreement (Appendix 1) and the Background Investigations (Appendix 3) post bid and pre contract award.

In accordance with the PAPUC's Implementation Order entered February 5, 2009, a criminal and other background check is required for persons associated with the CSP who will enter the premises of Allegheny Power customers or have personal contact with said customers. The scope of the criminal and background check is provided in Appendix No. 3. Contract award is subject to these requirements being fulfilled to Allegheny Powers satisfaction.

# Appendix # 1

## ALLEGHENY ENERGY SERVICE CORPORATION

### NONDISCLOSURE AGREEMENT

**THIS AGREEMENT** is made this \_\_\_\_ day of \_\_\_\_\_, 2009, by and between **Allegheny Energy Service Corporation**, a Maryland corporation with offices at 800 Cabin Hill Drive, Greensburg, PA 15601, for itself and as agent for its parent and affiliates as set forth in Exhibit "A" attached hereto (the "AE Companies") and \_\_\_\_\_ a \_\_\_\_\_ corporation, ("\_\_\_\_\_").

**WHEREAS**, \_\_\_\_\_ has in its possession certain technical information, know-how and data of a confidential and proprietary nature (hereinafter referred to as "CONFIDENTIAL INFORMATION"), and

**WHEREAS**, AE Companies has in its possession certain confidential information, know-how and data of a confidential and proprietary nature, (hereinafter referred to as "CONFIDENTIAL INFORMATION"), and

**WHEREAS**, both \_\_\_\_\_ and AE Companies are prepared to disclose certain of this CONFIDENTIAL INFORMATION to the other party under the following conditions.

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are expressly acknowledged, the parties intending to be bound hereby agree as follows:

1. "Confidential Information" includes any and all information disclosed by one party to the other pursuant to this Agreement in a writing marked "Confidential" or "Proprietary" or by any electronic or digitally based information including, without limitation, customer information, electronic (.wav) files of customer calls, or if communicated either verbally or visually, identified as "Confidential" or "Proprietary" at the time of communication. It is understood that the obligations imposed upon the parties by this Agreement shall not apply to information that at the time of disclosure or thereafter (i) was generally available to and known by the public, other than as a result of a disclosure by the receiving party or its representatives; or (ii) was generally available to the receiving party on a non confidential basis from a source other than the disclosing party or its representatives, provided that such source was not bound by a confidentiality agreement with the disclosing party; or (iii) the information was already known to the receiving party as evidenced by its written records and the disclosing party is promptly notified after receipt of the information; or (iv) the information is independently developed by or on behalf of the receiving party by individuals who did not directly or indirectly receive relevant Confidential Information of the disclosing party; or (v) is disclosed by the recipient party with the disclosing party's prior written approval; or (vi) pursuant to legal requirements as provided in paragraph 3.

2. For a period of five (5) years from the date first written above, each party shall maintain the confidentiality and prevent accidental or other loss of any Confidential Information of the other party with at least the same degree of care as it uses to protect its own Confidential Information but in no event with less than reasonable care to maintain the other party's Confidential Information in confidence and shall not itself use, except for the benefit of the disclosing party, or disclose the same to others without the

prior written consent of the disclosing party. Each party shall immediately notify the other in the event of any loss or unauthorized disclosure of the Confidential Information of the other party.

3. Each party agrees that it will make available the other party's Confidential Information only on a "need to know" basis and that all contractors, consultants, agents or employees to whom such Confidential Information is made available will be made aware of the strictly confidential nature of such Confidential Information and shall have entered into a written confidentiality agreement with the party making such re-disclosure. Without the prior written consent of the disclosing party, neither the receiving party, nor its representatives, will disclose Confidential Information to any third party, except as provided herein and as may be required by law, subpoena or other legal process. If either party shall be required to disclose any Confidential Information, it is agreed that, to the extent legally permitted, such party will provide the other party with prompt written notice of such request, so that the other party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, or that either party waives compliance with the provisions of this Agreement, each party agrees that it will furnish only that portion of Confidential Information and other information that is legally required and that it will cooperate with any efforts by the other party to obtain reliable assurance that confidential treatment will be accorded to that portion of Confidential Information that is being disclosed.

4. Each party agrees that it will not use in advertising, publicity or otherwise any trade name or trademark or any product, contraction, abbreviation or simulation thereof that is owned, to such party's knowledge by the other party or any subsidiary or affiliate of such other party without the owner's prior written consent.

5. By written demand, each party may require the other to cease using the Confidential Information, and at the party's option, either return the Confidential Information and all copies, notes or extracts thereof, to the party within seven (7) days of the demand or certify its destruction to the party.

6. No provisions of this Agreement shall be amended except by written consent of both parties, which consent shall specifically refer to this Agreement and explicitly make such amendment. Any consent or waiver of compliance with any provision of this Agreement shall be effective only if in writing and signed by the Party purported to be bound thereby, and then such consent or waiver shall be effective only in the specific instance and for the specific purpose for which given. No failure or delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial waiver thereof preclude any other exercise of any other right, power or privilege hereunder. Each party shall be entitled to seek equitable relief, including injunction and specific performance, in the event of any breach of the provisions of this Agreement.

7. This Agreement, together with the Request for Proposal of Conservation Service Provider for Pennsylvania Act 129 compliance, constitutes the entire agreement and understanding between the parties as to Confidential Information concerning its subject matter. No representations have been made by either of the parties except as are specifically set forth herein. No rights or obligations other than those expressly recited herein are to be inferred from this Agreement.

8. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

9. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns, as the case may be. This Agreement shall survive and shall not be affected by any termination of any commercial relationship between the parties.

10. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

11. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

12. Each party agrees that the Confidential Information is and shall remain the sole property of the disclosing party. Nothing in this Agreement shall be construed to grant either party any right, interest or license in or under any patent, trademark, copyright, trade secret or other proprietary right or material owned by the other party, whether or not it is part of the Confidential Information.

13. All notices, requests, consents, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be (a) personally delivered (including by local or overnight courier), (b) sent by postage prepaid registered first-class mail or (c) transmitted by facsimile or other electronic means, and shall be deemed to have been duly given when received if received prior to 5:00 p.m. on a business day or on the next business day (if delivered after 5:00 p.m. or on a non-business day). Notice to either party shall be sent to its address as set forth above, or to such other address as a party hereto shall have given notice pursuant to this Section.

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## GENERAL TERMS AND CONDITIONS

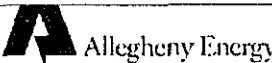
- BUYER:** Each company for which materials ordered herein are to be used or for which services ordered herein are to be performed shall be the Buyer of those materials or services. No Buyer shall be liable to Seller for any obligation of any other Buyer hereunder.
- OFFER, ACCEPTANCE AND AMENDMENTS:** This purchase order is an offer by Buyer to Seller, is not an acceptance of the terms and conditions of any offer made by Seller to Buyer, and any such offer is expressly rejected. Acceptance of this offer is expressly limited to its terms. Upon acceptance by Seller, this purchase order becomes the final agreement between Seller and Buyer, constituting the entire contract and superseding all previous communications either oral or written. This purchase order may be modified only by a writing signed by Buyer.
- RESPONSIBILITY:** Seller in its performance hereunder shall at all times be an independent contractor and responsible for all acts or omissions (negligent or otherwise) of its agents, employees and subcontractors. Personnel employed by or representing Seller on Buyer's premises shall be subject to the continuing approval of Buyer and any worker who is unsatisfactory shall be removed at the request of Buyer. Furthermore, all subcontractors employed by Seller shall be subject to Buyer's continuing approval. Seller shall be and remain liable and responsible for the manner and methods by which work is performed and for materials, working force and equipment, irrespective of whether or not any changes are made as a result of any comments received from Buyer.
- EMPLOYMENT STANDARDS:** Seller agrees, unless exempt, to comply with the Federal Acquisition Regulations System (FAR) including, but not limited to, solicitation provisions and contract clauses in the following implementation provisions which are hereby incorporated by reference: Equal Employment Opportunity (48 C.F.R. § 22.8), Special Disabled and Vietnam Era Veterans (48 C.F.R. § 22.13, 41 C.F.R. 60-250.4(m)), Employment of the Handicapped (48 C.F.R. § 22.14, 41 C.F.R. 60-741.4(f)), Small Business and Small Disadvantaged Business Concerns (48 C.F.R. § 19.000-19.902), Pollution Control and Clean Air and Water (48 C.F.R. § 23.1). Seller further agrees by its acceptance of this purchase order to make certifications and periodic reports required by the FAR, and the laws and Executive Orders implemented by those regulations.
- SMALL BUSINESS STANDARDS:** Pursuant to the Small Business Act as amended (15 U.S.C. § 631 et seq.) and Utilization of Small Business Concerns (48 C.F.R. § 19.000-19.902, and § 52.219-8), Seller agrees to use its best efforts to carry out the policy stated in the said Act as amended so that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals as defined in the Act have the maximum practicable opportunity to compete for subcontracts to the fullest extent consistent with the efficient performance of the contract.
- SAFETY AND HEALTH:** Seller shall take all precautions necessary and shall be solely responsible for the safety of the work and the safety and adequacy of the manner and methods it employs in performing the work and shall not require any employee or representative performing hereunder to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to health or safety. Seller shall conduct the work in conformance with all applicable safety and health laws, ordinances, rules, regulations, orders and all other requirements including those promulgated pursuant to OSHA and by Buyer when on Buyer's premises.
- PERMITS, LICENSES AND COMPLIANCE WITH THE LAW:** Seller shall obtain all licenses and permits that may be required by any governmental body or agency necessary to conduct Seller's business or to perform hereunder. Seller, Seller's subcontractors, and employees, agents and representatives of each in performance of work hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements.
- INSURANCE:** Prior to rendering any service hereunder, Seller shall, at its own expense, procure and thereafter keep in effect until service has been performed: (a) Workers' Compensation Insurance for its employees engaged in this work, sufficient to comply fully with requirements and coverages specified by laws of each jurisdiction in which work shall be performed; (b) Commercial General Liability Insurance providing limits of not less than \$3,000,000 combined single limit per occurrence for bodily injury and death and for property damage and including coverage for Contractual Liability, covering all liability of Seller under this purchase order and including Products-Completed Operations; (c) Comprehensive Automobile Liability Insurance (including owned, nonowned and hired vehicles), providing limits of not less than \$1,000,000 combined single limit per occurrence for bodily injury and death and including property damage; (d) such other specific insurances and/or limits determined by Buyer to be appropriate for work to be performed. Seller shall cause Buyer to be added as an additional insured on the policies of insurance and furnish Buyer (Attention: Event Risk Manager) with certificates of insuring companies showing such insurance to be in effect and the expiration dates and agreeing to give thirty (30) days written notice to Buyer in advance of any change in or cancellation of such insurances.
- PROPRIETARY RIGHTS:** Seller shall defend, at its own expense, indemnify and hold harmless Buyer, Buyer's Agent and Buyer's Representative, and employees, agents and representatives of each against all costs and damages, including attorneys' fees, arising out of any action in which it is alleged that the materials or any use thereof constitutes a misappropriation or infringement of any patent, copyright, trade secret or any other proprietary rights. If Buyer, Buyer's Agent or Buyer's Representative is found to be misappropriating or infringing in any use of the materials specified in this purchase order, Seller shall, at its own expense, either procure for Buyer, Buyer's Agent or Buyer's Representative the right to use the materials or alter or replace said materials with functionally equivalent materials that are acceptable to Buyer and pay all expenses sustained as a result of such alteration or replacement.
- PERFORMANCE:** Except as provided in Paragraph 11, if delivery of materials or rendering of services is not completed by the time specified in this purchase order, Buyer reserves the right, without liability and in addition to its other rights and remedies at law or in equity, to cancel all or any part of this purchase order by notice effective when received by Seller as to materials not yet shipped or services not yet rendered.
- DELAY:** If, by reason of uncontrollable forces as defined herein, Buyer or Seller shall be unable to perform any of its obligations in whole or in part, and if within ten days after the occurrence thereof the party affected gives written notice to the other, then the obligations of both parties shall be suspended to the extent made necessary by such occurrence. The term "uncontrollable force" as used herein, includes, but is not limited to, acts of God, fires, floods, explosions, strikes and other labor disputes, governmental regulations, acts or omissions of governmental authority, unusually severe weather, inability to obtain necessary permits and licenses, inability of Buyer to obtain adequate financing or other economic impracticability.
- SUSPENSION:** Seller, upon written notice from Buyer, shall suspend or stop temporarily performance hereunder.
- TERMINATION WITHOUT CAUSE:** Buyer may terminate this purchase order without cause at any time in whole or in part by written notification to Seller. Upon receipt of notice of termination, Seller shall, unless notified otherwise, immediately discontinue the work terminated, cease delivery and ordering of materials, and make reasonable efforts to cancel existing orders, contracts and subcontracts relating thereto upon terms satisfactory to Buyer. After receipt of notice of termination, Seller shall continue to perform such work as necessary to preserve and protect material and work in progress or in transit until relinquishing possession and control of same as provided in the notice of termination. Upon compliance with a notice of termination, Seller shall be entitled to be compensated for actual costs incurred and a

Appendix #2

reasonable, prorate profit ratio for the actual costs incurred. Such termination shall be without prejudice to any claims which Buyer may have against Seller and this paragraph shall not apply if Buyer terminates for cause.

14. **TITLE AND RISK OF LOSS:** Title and risk of loss shall transfer from Seller to Buyer upon delivery of all materials ordered hereunder at the destination specified on the face of this purchase order. Every shipment and invoice shall be marked to show Buyer, Buyer's purchase order number and carrier by which the materials are to be shipped. Materials shipped C.O.D. without Buyer's written consent will not be accepted and will be at Seller's risk.
15. **TAXES:** Unless otherwise specified in this purchase order, the price of goods and services ordered herein shall not include any taxes and charges now or hereinafter imposed upon Seller by any federal, state or local government or any governmental agency of the United States or the government of any other country or subdivision thereof by reason of the agreement or performance by Seller hereunder. Buyer will execute and furnish to Seller Certificates of Exemption from state sales taxes upon request.
16. **PRICE INFORMATION:** Upon request, Seller shall provide Buyer with sufficient information relating to prices of materials and services to enable Buyer to comply with accounting regulations of the Federal Energy Regulatory Commission.
17. **PAYMENT:** Buyer shall make payment to Seller in accordance with the terms of this purchase order. Buyer reserves the right to retain 10% of the payments made on purchase orders for services as such payments are made hereunder. The 10% retained shall be paid to Seller when Buyer is satisfied that the interests of Buyer in the completed work have been protected. Such payment shall not be unreasonably withheld. No payment shall be evidence of satisfactory performance of this purchase order or shall be construed to be an acceptance of defective or nonconforming materials or services.
18. **RELEASES:** Seller shall give Buyer written notice of any claims, liens or encumbrances of any nature affecting or relating to the work to be performed hereunder. Buyer shall have the right prior to making final payment to Seller to require Seller to certify that no lien, claim or encumbrance related to the work is outstanding and to furnish releases from Seller's employees, subcontractors, suppliers and any other claimants in support thereof. If any lien is filed or Buyer receives any notice of a lien filed or to be filed to secure any claim arising out of any performance or omission in connection with the performance hereof, Seller shall, upon written demand by Buyer, promptly obtain and record a full release and discharge of such lien. If Seller fails to do so, Buyer may pay such claim from monies due or payable to Seller and obtain and record such release and discharge at Seller's expense.
19. **RIGHT TO AUDIT:** If the price stated in this purchase order is other than a firm price, Buyer shall have the right to inspect and audit all the books, records, correspondence, receipts, vouchers, and memoranda, etc., of Seller, Seller's subcontractors and other entity used by Seller in performing this purchase order. Seller, Seller's subcontractors and any other entity used by Seller in the performance of this purchase order shall preserve all such records for a period of two years after final payment hereunder. Seller shall provide for such right to audit by Buyer in all contracts with subcontractors and other entities relating to this purchase order.
20. **INSPECTION:** Buyer shall have the right from time to time to inspect the work in progress or completed at Seller's premises upon reasonable notice and on Buyer's premises without such notice. Any such inspection shall in no way relieve Seller of any of its obligations under this purchase order. Any such work disclosed by any such inspection not to be in conformity with the requirements of this purchase order shall, immediately following notification thereof, be corrected by Seller at Seller's expense. Seller shall provide safe access to such work and where necessary for such inspections shall provide scaffolds and ladders in place and such other equipment normal to conduct such inspections.
21. **ACCESS:** Personnel of Seller and subcontractors employed by Seller shall enter and exit Buyer's premises only by the special entrances designated from time to time by Buyer.
22. **WARRANTY:** In addition to, and not in limitation of, any other remedies provided herein or by law or in equity, Seller expressly warrants that the goods and/or services supplied hereunder will conform to Buyer's specifications in all respects and will be of good workmanship and quality, free from all defects (including defects in design and title) and fit for the purposes intended by Buyer. Upon failure of any of the materials and/or services supplied hereunder to conform to the above warranties, Seller shall, at Buyer's option and at no cost to Buyer, promptly repair or replace any item of material or correct or reperform any services so that they conform to the above warranties. The costs of transporting, repairing, replacing, removing or installing material to make materials and services comply with the above warranty shall be borne by Seller.
23. **INDEMNIFICATION:** To the fullest extent permitted by law and regardless of whether or not caused by the negligence of a party indemnified herein, Seller shall indemnify, save harmless and defend ("Indemnity Obligation") Buyer, Buyer's Agent, Buyer's Representative and employees, agents, directors, officers and representatives of each, from all claims, losses, liabilities and expenses, including attorneys' fees, growing out of personal injury, death or damage to property (including property of Buyer, Buyer's Agent or Buyer's Representative) arising out of or in any way connected with Seller or Seller's subcontractors, and employees, agents and representatives of each, performance or nonperformance hereunder (negligent or otherwise) suffered or claimed to have been suffered by any person (including anyone directly or indirectly employed by Seller or Seller's subcontractors), corporation or entity (including Buyer, Buyer's Agent, Buyer's Representative and employees, agents and representatives of each), unless due to the sole negligence of Buyer, Buyer's Agent, Buyer's Representative or employees, agents and representatives of each. Seller intends that its Indemnity Obligation to each party indemnified herein for claims related to or brought by anyone directly or indirectly employed by Seller or Seller's subcontractors shall not be limited in any way by any provision of any workers' compensation act, disability benefits act or other employee benefit act, and Seller hereby waives immunity under such acts to the extent such acts would bar recovery under, or full enforcement of, Seller's Indemnity Obligation.
24. **ASSIGNMENT:** No right or interest in this purchase order shall be assigned by Seller, and no delegation or subcontracting of any obligation of Seller hereunder shall be made without written permission of Buyer. Any attempted assignment, delegation or subcontracting without such approval shall be void.
25. **WAIVER:** Buyer's failure to insist on any right shall not operate as a waiver unless agreed to in writing by Buyer.
26. **CONFLICTS:** In the event of any conflict among the documents incorporated into this purchase order, Buyer's specifications and special terms shall prevail over Seller's proposal.
27. **VALIDITY:** In the event that any paragraph(s) or any part of these General Terms and Conditions shall be found to be contrary to law and invalid, all other paragraphs and the remaining part of any partially invalid paragraph shall be and remain in full force and effect and shall be binding upon the parties hereto.
28. **APPLICABLE LAW:** The validity, interpretation and performance of this purchase order shall be governed by the laws of the Commonwealth of Pennsylvania.

## Appendix # 3

<b>BACKGROUND INVESTIGATION REQUIREMENTS FOR NONEMPLOYEES</b> <small>FORM 35-159 REV. 1</small>	
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<b>NOTE:</b>	<b>IF SELLER AND/OR ANY SELLER'S EMPLOYEES, INCLUDING ANY SUBCONTRACTORS, HAVE ACCESS TO BUYER'S PHYSICAL PROPERTY, COMPUTER NETWORK, OR OTHER PROPERTY OWNED OR LEASED BY BUYER BY USE OF CARD ACCESS, LAN ACCESS, OR KEY, THE FOLLOWING ATTACHMENT TITLED, "BACKGROUND INVESTIGATION REQUIREMENTS FOR NONEMPLOYEES," SHALL APPLY:</b>
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**Background Investigation of Leased Employees** – (Exception: Power Station contractors who supply workers during outages.) The Seller hereby agrees to conduct a thorough background investigation upon any employee, contractor and/or agent of the Seller whose services may be leased to Allegheny Energy. The aforesaid investigation shall determine any and all information of concern within the background of the prospective leased employee, contractor and/or agent, whether or not the information is available in public records. Additionally, the aforesaid background check shall investigate the prospective leased employee's, contractor's and/or agent's criminal records for the past seven (7) years using the social security number/address verification, a search of the federal district courts, and federal wants and warrants, National Criminal Database Search (which includes criminal records for 41 states, a sex offender search for all 50 states, and an OFAC report), as well as a county criminal search. If driving is required as a part of the job duties, drivers' licenses and motor vehicle records will be investigated for the previous seven (7) years. The Seller shall not refer any prospective leased employee, contractor and/or agent to Allegheny Energy who has either failed or refused to submit to a background investigation. The Seller may employ the services of the investigative agency/credit agency or bureau of its choice, subject to Allegheny Energy's approval, so long as the agency(ies) selected is/are reputable and investigations comply with the Fair Credit Reporting Act. Background investigations are valid for 60 days from the date of investigation. Seller must submit to Allegheny Energy: (1) its procedures for background investigations; and (2) criteria that determine whether a worker has passed a background investigation.

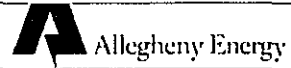
Pursuant to the requirements of NERC Cyber Security Standard CIP-004 – Personnel and Training, Requirement 3 – Personnel Risk Assessment, any leased worker granted unescorted physical access into an identified NERC physical security perimeter or cyber access through an identified NERC electronic security perimeter shall also require a seven (7) year updated background investigation that includes, at minimum, identity verification (Social Security Number verification in the U.S.) and seven year criminal check. Written certification, as described below, shall be provided to Allegheny Energy for the updated background check.

**Drug Testing of Leased Employees** – The Seller hereby agrees to conduct substance abuse testing on any employee, contractor and/or agent of the Seller whose services may be leased to Allegheny Energy using the chain-of-custody procedure specified by the U.S. Department of Health and Human Services. The sample is to be tested at a DHHS, certified laboratory which uses #3545N SAP 10 #12 GC/MS substance abuse test. Forensic Drug Testing Custody and Control (10 Panel/TCH50) is completed at the collection site for substance abuse testing. Workers entering a position covered by Department of Transportation FHWA regulations 49CFR 40 are required to take a controlled substance test (NIDA5). A urine drug test resulting in a "Dilute" negative report will require the candidate to repeat the drug test. A second "Dilute" negative result in which there is no physiological or medical explanation for the dilute urine sample, will result in the candidate not being referred to Allegheny Energy for assignment. Substance abuse tests are not valid for more than 45 days after the date of testing.

**Release From Liability** – The Seller shall prepare a Release, and shall obtain a signature on the Release from every leased employee, contractor and/or agent. The Release shall contain language releasing Allegheny Energy, the Seller, the leased employee's, contractor's and/or agent's former employers, and any other persons from all liability for any damages or claims related to the background investigation and drug test, including but not limited to furnishing of the background information. Each such Release shall be retained by the Seller for a period of three years. If the investigation is performed by a consumer reporting agency, notices and disclosures must comply with the Fair Credit Reporting Act.

**Costs** – The costs associated with conducting the aforesaid background checks shall be borne by the Seller.

**BACKGROUND INVESTIGATION REQUIREMENTS  
FOR NONEMPLOYEES**  
FORM 35-159 REV. 1



**Certification/Penalties/Audits** – The Seller shall provide Allegheny Energy with written certification that must include: Name of leased worker, Seller name, and statements that (1) the leased employee, contractor and/or agent has undergone a background check and drug test as provided above; (2) the background investigation has not revealed any negative results or areas of concern; and (3) the drug test has not yielded a positive result for illegal drugs. The Seller's failure to submit the above-described certification for any leased employee, contractor and/or agent, shall, at Buyer's option, result in immediate termination of this Agreement, and further, the Seller may be *permanently* removed from Allegheny Energy's approved vendor lists. Any issues arising from background investigations shall be referred to Allegheny Energy's Human Resources office. Allegheny Energy reserves the right to conduct random audits to assure that the Seller has completed a background investigation and drug test on all leased employees, contractors and/or agents and that these background investigations and drug tests have resulted in favorable determinations.

**Retroactivity** – The provisions listed hereinabove shall be retroactive, and shall be applicable to all employees, contractors and/or agents of the Seller being leased to Allegheny Energy, even if they have already been assigned and are *currently* working on Allegheny Energy's premises, and regardless of whether or not they have *previously* performed services for Allegheny Energy. Sellers with existing contracts shall have up to 90 days to perform background investigations and drug tests and provide a statement certifying that they were satisfactorily completed for the workers *currently assigned to Allegheny Energy*.

**Standards of Practice** – Seller agrees that the services provided shall be in conformity with industry and professional standards of practice.

**Training and Discipline** – Seller agrees to be responsible for training and discipline of its employees and agrees that its employees, agents or subsidiaries shall adhere to Buyer's Code of Ethics and Standards of Business Conduct Rules. Seller is solely responsible for training its employees regarding Buyer's workplace policies including, but not limited to, sexual and workplace harassment, drug-free workplace, workplace violence and all applicable safety rules.

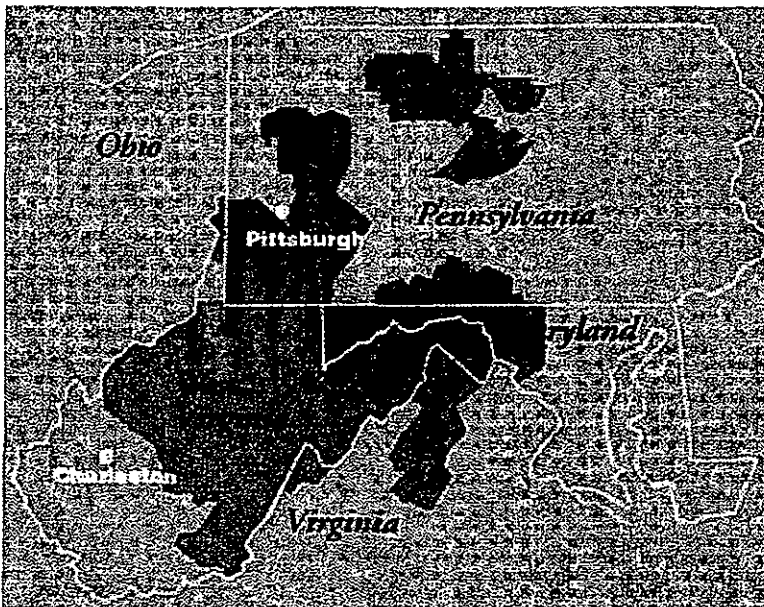
**Request for Proposal  
for  
Residential Refrigerator/Freezer/Room Air Conditioner  
Early Retirement Recycling Program**

Date: February 3, 2009

**I. Introduction**

Allegheny Power, a subsidiary of Allegheny Energy, Inc. is seeking a contractor to provide a Residential Refrigerator/Freezer/Room Air Conditioner Early Retirement Program aimed at removing working, old, inefficient units from service. The program will start in Maryland then include Pennsylvania, Virginia, and finally West Virginia. We are requesting pricing for Maryland and Pennsylvania at this time.

Allegheny Energy headquartered in Greensburg, Pa. is an investor-owned electric utility with total annual revenues of over \$3 billion and more than 4,000 employees. The company owns and operates generating facilities and delivers low-cost, reliable electric service to 1.6 million customers in Pennsylvania, West Virginia, Maryland and Virginia. For more information, visit the company's Web site at [www.alleghenyenergy.com](http://www.alleghenyenergy.com). Allegheny Power is the delivery side of the Allegheny Energy Corporation. Our service territory is highlighted in the map below followed by a customer count chart and a list of counties serviced.



State	Residential	Commercial	Industrial
Maryland	220,000	22,500	2,100
Pennsylvania	620,000	81,000	13,500
Virginia	85,500	14,150	1,550
West Virginia	440,000	61,000	9,150

**PA Territory Counties**

**Adams County**  
**Allegheny County**  
**Armstrong County**  
**Bedford County**  
**Butler County**  
**Cameron County**  
**Centre County**  
**Clarion County**  
**Clinton County**  
**Elk County**  
**Fayette County**  
**Franklin County**  
**Fulton County**  
**Greene County**  
**Huntington County**  
**Indiana County**  
**Jefferson County**  
**Lycoming County**  
**McKean County**  
**Potter County**  
**Somerset County**  
**Washington County**  
**Westmoreland County**

**MD Territory Counties**

**Allegheny**  
**Carroll**  
**Frederick**  
**Garrett**  
**Howard**  
**Montgomery**  
**Washington**

## **II. Purpose**

The purpose of this Request for Proposal ("RFP") is to identify and contract with an experienced refrigerator, freezer and room air conditioner early retirement program provider capable of providing cost-effective, turnkey services for removing and recycling working, inefficient refrigerators, freezers and room air conditioning units. The Program is designed to reduce energy usage by enabling customers to easily retire from service their older, working, inefficient refrigerators and freezers in an environmentally safe manner. The Program will include scheduling and appliance pickup at the customer's location, transportation to a recycling facility, recovery and recycling of all appliance materials, with complete reporting on all activities and on materials recovery.

## **III. Program Description/Contract Term**

The Program will be marketed, advertised and administered by Allegheny Power. Allegheny Power anticipates a 3-year contract with annual reviews of contractor and program performance. The Program will tentatively begin on June 1, 2009 and continue through June 1, 2012. The coverage area is Allegheny Power's service territory in Maryland and Pennsylvania according to the above map. Qualifying refrigerators, freezers and room air conditioners must be running, have a rated capacity between 10-30 cubic feet and cannot be ENERGY STAR units. Customers may turn in up to 2 units per account per year. In exchange for each refrigerator, freezer, and room air conditioner collected, customers receive a cash incentive of ~ \$35.00/unit via a mail in rebate contractor. The contractor onsite collector will verify unit and sign customer rebate form. This mail in rebate form will be issued by Allegheny Power in some form directly to the customer. The customer will be responsible for mailing the rebate information. It is expected that the Program will collect and recycle 1200 refrigerator units in MD and 3600 refrigerator units in PA annually for three years. The Program annual targets may be adjusted and the Program contract period may be extended for additional years at Allegheny Power's discretion. Freezers and Room Air Conditioners pending costs maybe added to the program in the near future.

## **IV. Scope of Services**

### ***Task 1: Program Launch / Mobilization***

Program launch includes 2 program kick-off meetings with Allegheny Power at 800 Cabin Hill Dr., Greensburg PA 15601. These meetings will finalize program design, review Allegheny Powers marketing plan, develop website integration, set up the data base and agree on reporting inclusions and formats. Program launch includes mobilization of a program delivery team in Allegheny Powers territory, establishment of appliance pick-up and recycling operations and channels for recycled materials.

## **Task 2: Program Setup and Customer Service**

The Contractor will provide the facilities, equipment, and personnel to operate the Program which includes interacting directly with Allegheny Power's customers. These services will include:

- Establish a toll-free telephone number and website for customer enrollment, appointment scheduling, and questions.
- Maintain a database to store and track interactions with the customers as well as detailed information about each refrigerator/freezer unit collected.
- Provide trained customer service staff for assisting customers with questions about the Program, qualifying customers and facilitating participation.
- Verify customer eligibility verifying that caller is an Allegheny Power customer and qualifying their refrigerator, freezer and/or room air conditioner.
- Schedule in-home appliance removal appointments. Offer choices of service dates, including Saturday, and morning/afternoon collection, handle reschedule and cancellation requests. Provide 2-person crews for all removals.
- Provide customers with information about preparing their appliance for removal (appliance must be empty, plugged in and working at the time of pickup).
- Provide customers with a day-ahead confirmation call.
- Produce written confirmation of appliance collection.

## **Task 3: Collect and Transport Refrigerators, Freezers**

The Contractor will provide the means to collect the refrigerators, freezers and/or room air conditioners from the customer locations and transport them to the recycling location. Components of this service will include:

- Hire, screen and train drivers and refrigerator collection staff (all drivers and collection staff require thorough background checks).
- Provide up-to-date collection vehicles (no more than 3 years old), tools, and equipment necessary for safe and efficient removal.
- Remove units from within the home.
- Enter unit into database reporting system.
- Deface/disable the appliance before transporting.
- Record unit collection and secure customer acknowledgement of collection and disabling of the appliance.
- Transport units to a licensed processing and recycling facility.

## **Task 4: Recycle Refrigerators, Freezers and Room Air Conditioners**

The Contractor will provide the means to completely, safely, and legally recycle all refrigerator components, including but not limited to CFC and HCFC ozone depleting



substances, oil, PCB's, mercury and foam insulation as described below. Allegheny Power is seeking to have retired refrigerators, freezers and/or room air conditioners recycled such that materials are reclaimed and reused to the greatest degree possible and amounts of materials sent to landfills or incinerated are limited to the greatest extent. All greenhouse gases and ozone depleting substances should be captured and destroyed and other hazardous waste handled responsibly.

The Contractor will be responsible for the following recycling activities:

- Ensure the recycling facility is in compliance with all federal, state and local hazardous-waste management and recycling regulations, including the federal Clean Air Act and Health and Safety Code (HSC). (Ex's 40 CFR Parts, 273, 279, and 761, 40 CFR 82.156(f)(2)(These examples are not all inclusive))
- Recover, reclaim, and/or destroy all chlorofluorocarbon (CFC), hydro chlorofluorocarbon (HFC-134a), and non-CFC refrigerants in compliance with all applicable federal, state and local hazardous-waste regulations. Facilities with independent certification of 95% CFC/HFC) capture are preferred.
- Recover and destroy all CFC-11 and HCFC 141b blowing agents in the polyurethane foam insulation of the refrigerators and freezers in a manner that complies with all applicable federal, state and local hazardous-waste regulations. Facilities with independent certification of 95% CFC/HCFC capture are preferred.
- Remove, label, and store, in compliance with all applicable regulations, all materials requiring special handling, such as capacitors containing polychlorinated biphenyls (PCBs), mercury-containing switches, and used oils prior to shipment to licensed facilities for disposal or recycling.
- Recycle all glass, metals, plastics and foam (free of blowing agents).
- Recycling processes will meet the requirements of the EPA's RAD program.
- Complete all filings and certifications required by applicable federal, state and local laws to verify the proper disposal of the units.

The Contractor, its agents, employees and sub-contractors, shall indemnify, defend, save and hold harmless Allegheny Power, including any of its agents, employees, affiliates and subsidiaries, from any and all liabilities, charges, expenses and costs on account of or by reason of any such liabilities, claims, suits or losses in any way relating to the Contractor's intentional acts or negligence and/or Contractor's failure to comply with the requirements of the RFP or any applicable federal, state or local laws related to the collection, disposal and recycling of the units and the parts contained within the units.

### ***Task 5: Program Reporting***

The Contractor is expected to keep Allegheny Power well informed of the Program's progress. This communication is expected to be both informal (i.e., phone calls and e-mails), through on-line/real-time systems and through formal reporting.

- a. Database and automated reporting systems - The Contractor should maintain a program reporting database that tracks all aspects of the Program from scheduling pick-ups through the recycling process, including detailed tracking of all materials recovered from the process. The database should be an existing, fully-debugged system capable of providing information to the Allegheny Power in real-time. Preference will be for systems that can provide a Program "dashboard" showing updated key indicators including the number of units recycled, and energy savings.
- b. Invoices will be submitted monthly documenting services provided, including:
  - Customer name and address
  - Number of appliances collected or rejected, by zip code
  - Reasons for rejection of appliance
  - Number of appliances recycled
  - Model/style (single-door, top freezers, side-by-side, and bottom freezer refrigerators, upright and chest freezers), defrost type, presence of icemaker, capacity (in cubic feet), estimated vintage, amperage/BTU's, and location in the home from which it was removed
  - Number and reason for customer no shows.
- c. Submit monthly reports summarizing Program activities and results, including data from invoices and the following:
  - Number of units collected and/or rejected and recycled
  - Status of Program compared with projections
  - Financial summary
  - Unit information (Refrigerator or standalone freezer, location, primary or secondary, age, size, defrost type, etc.)
  - Estimated energy savings
  - Estimated environmental benefits of the Program (estimated pounds of CFCs/HCFCs/HFCs, PCBs, mercury, oil, and metals removed for disposal or recycling).
  - Summary of customer complaints
- d. Annual Reports
  - Provide an overall program report for the (calendar) year
  - Due by Jan 30<sup>th</sup> of the following year (provide 60 days from final appliance recycling in order to assure complete hazmat reporting)
  - Must include a database report (Excel or Access) of all units collected
  - Reporting systems that meet the requirements of the EPA's RAD program are preferred.

## V. Proposal Format

To expedite and simplify proposal evaluation and to assure that each proposal receives the same orderly review, it is recommended that proposals use the following outline:

1. Introduction and Executive Summary (2 page limit)
2. Company/team profile – provide a description of the team and the qualifications of each member plus the qualifications of key managers.
3. Past experience – provide a description of your team’s past experience and the following:
  - a. Similar projects - provide a list of similar energy efficiency projects including dates, number of units processed, incentive levels and any other key facts
  - b. Project references – provide 3 references from energy efficiency programs including contact information
4. Statement of Work – Scope of Services
  - a. Include a complete description of Program marketing, appliance pickup, recycling, payment of incentives and tracking systems.
    - i. Provide samples of forms used to schedule appointments, customer sign-off sheet, and screen shots of on-line registration system
  - b. Detailed description of the recycling process, the components to be recycled, and environmental compliance. Describe the plant and equipment to be used for this program.
    - i. Provide a description of the recycling process
    - ii. Describe recycling channels and waste disposal of all components
    - iii. Provide a list of facilities currently being operated by your firm
    - iv. Provide evidence of third-party certification of process/facilities
    - v. Provide environmental permit information for existing facilities
  - c. Database and reporting systems – provide a description of the database system used by your team and the methods for reporting including real-time (“dashboard”) reporting. Describe how the reporting system could be used to fulfill the reporting requirements of a EPA RAD program.
    - i. Provide samples of database reports including screen shots of the real-time “dashboard” key performance indicators that would be available to the Program Sponsor.
5. Energy Savings – provide an estimate of typical savings produced from a program of this type. The estimate should include number of units, kWh’s saved, cost per unit to remove from service, etc.
6. **Cost proposal** - Program costs will be provided on a per unit basis according to the table in Exh A.

## VI. Evaluation Criteria

The proposals will be carefully evaluated by Allegheny Powers competitive bid process according to the following criteria:

1. Experience and Qualifications – does the contractor or contractor team have the track record of high performance in similar programs executing a turnkey refrigerator/freezer early retirement and recycling program?
2. Recycling capacity and facilities – does the contractor have the capacity to provide facilities to handle the recycling of all components? The Program seeks

responsible and complete recycling processes that enhance environmental stewardship.

3. Customer service and Data management and reporting systems  
Customer Service – does the contractor have the systems and infrastructure in place to handle the customer service needs of a program like this? Including call center, on-line scheduling systems and customer handling.  
Data management and reporting systems– does the contractor have reporting and tracking systems in place to meet the needs of the Program?
4. Cost - pricing should be competitive and reasonable. Allegheny Power is not required to select the lowest price supplier. Pricing should be provided on the unit basis requested in the pricing section of this RFP.

## **VII. Submittal Information**

Firms responding to this Request for Proposal shall specifically designate and clearly label as “CONFIDENTIAL” any and all materials or portions thereof which they deem to contain trade secrets or other proprietary information which is exempt from public inspection and copying.

Technical questions regarding this Request for Proposal may be directed to:

Eric Rundy, Engineer, Allegheny Power  
Desk 724-830-5431 8:30 to 5:00  
Fax 724-850-3733  
E-mail [erundy@alleghenyenergy.com](mailto:erundy@alleghenyenergy.com)

Commercial questions should be directed to:  
Barbara Crowe, Procurement, Allegheny Power  
724-830-5051  
Fax 724-850-3707  
E-mail [bcrowe@alleghenyenergy.com](mailto:bcrowe@alleghenyenergy.com)

All proposals will be due on or before **February 20<sup>th</sup>, 2009** by **4:00PM EST.** .

Proposals not received by submittal date and time will not be accepted.

facilities being opened in 2009 and/or 2010 in locations closer to the Allegheny Power service territory than Lombard, Illinois. Specifically:

- A proposal to Northeast Energy Efficiency Partnerships that is scheduled to be decided by February 27, 2009 could result in establishment of a JACO New Jersey facility in spring 2009.
- A proposal to Dominion Virginia Power that is scheduled to be decided by March 31, 2009 could result in establishment of a JACO Virginia facility in spring 2010.

Should JACO win either or both of these projects, JACO will offer Allegheny Power revised per-unit bid costs that are lower, based on reduced transportation expenses. JACO will inform Allegheny Power promptly of developments regarding this matter.

## **7.2. Comments Re Allegheny Power Terms and Conditions**

JACO's only objections and comments regarding the Allegheny Power Terms and Conditions (provided as part of RFP materials) are summarized in tabular form below.

<b>Section</b>	<b>JACO Comments</b>
13 – Termination	JACO clarifies that termination and work completed issues pertain to units picked up from customer homes as of the stipulated termination date. JACO then would be allowed several weeks to 1) finish processing already-harvested units, 2) perform associated reporting, and 3) otherwise conduct a timely and orderly program shutdown. JACO would be entitled to normal per unit-based compensation for all collected units.

From: Origin ID: CVAA (724) 838-6738  
Shirley Christian  
Allegheny Power  
800 Cabin Hill Drive



Greensburg, PA 15601

Ship Date: 27AUG10  
ActWgt: 4.0 LB  
CAD: 8924375/INET3060

Delivery Address Bar Code



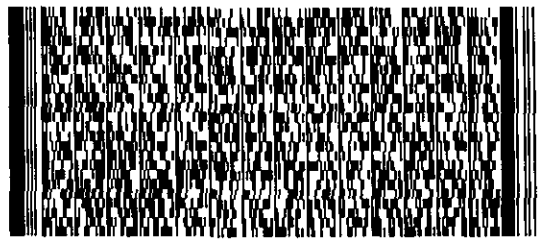
Ref # 4001-100077-43000818  
Invoice #  
PO #  
Dept #

SHIP TO: (724) 838-6738 **BILL SENDER**  
**Rosemary Chiavetta, Secretary**  
**Pennsylvania Public Utility Commiss**  
**400 NORTH ST**  
**COMMONWEALTH KEYSTONE BLDG**  
**HARRISBURG, PA 17120**

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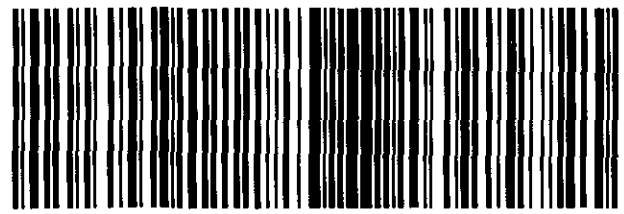
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