



CALIFORNIA HUB FOR
ENERGY EFFICIENCY
FINANCING

**Quarterly Report and
Program Status Summary**

July 1, 2017 – September 30, 2017

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Section 1: Introduction

California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) is working with the California Public Utilities Commission (CPUC), investor-owned utilities (IOUs),¹ the Center for Sustainable Energy (CSE) and financial institutions throughout California to develop a series of pilot programs that expand access to financing for consumers to undertaking energy efficiency retrofits. The pilot programs are designed to enable consumers to undertake deeper and broader energy efficiency projects than previously achieved through traditional programs, and will assist in removing the upfront cost barrier of financing for consumers to promote the State's broader energy efficiency goals.

In September 2013, the CPUC approved Decision 13-09-044 ("D.13-09-044"), authorizing two-year pilot programs to be supported by up to \$66 million of IOU ratepayer funds serving four market segments. Only the first three of the four markets listed below provide credit enhancements to lenders:

- single-family, with one-third of funds reserved for low-to-moderate income households;
- multi-family, affordable housing with master meters;
- small businesses;
- On-Bill Repayment (OBR) of financing by non-residential energy users, without credit enhancement.

The pilot programs were established with a myriad of goals, all of which are intended to support the State's broader energy efficiency and environmental policy goals using an innovative approach. Primarily, the pilots are designed to:

- provide credit enhancements to lenders, thereby mitigating risk for lenders who are then able to provide lower interest rates and better terms to consumers;
- broaden the availability of financing to individuals who might not have been able to access it otherwise; and
- address upfront cost barriers to energy efficiency retrofit projects.

This report is responsive to D.13-09-044, Ordering Paragraph 21, which directs CAEATFA in conjunction with the IOUs to issue quarterly reports throughout the pilot period, by pilot program and on CHEEF operational expenses. The reports keep the CPUC and interested stakeholders apprised of:

- implementation progress, opportunities and challenges;
- platform and space within which CHEEF functions take place;
- accounts and account managers, database permission criteria, and platforms associated with the CHEEF;

¹ The IOUs consist of Pacific Gas & Electric (PG&E), San Diego Gas and Electric Company (SDG&E), Southern California Edison (SCE), and Southern California Gas Company (SoCalGas).

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- customer facing products (websites, informational charts), as appropriate under CAEATFA's limited authority and responsibility over consumer marketing; and
- pilot program performance and certain aggregate profile information about participating lenders, borrowers, and projects.

Appendix A of this report includes information on each of the above-listed data points that are required pursuant to D.13-09-044.

Section 2: Quarterly Summary

Below is a broad summary of activities during Q3 2017, which are described in more detail later in the document.

Budget and Administration

- The legislature approved CAEATFA's reimbursement and expenditure authority through Fiscal Year 2017-18 through the 2017 Budget Act.
- CAEATFA Management prepared a Budget Change Proposal (BCP) to request legislative approval to extend budgetary reimbursement and expenditure authority beyond fiscal year 2017-2018 (June 30, 2018)
- CAEATFA Management began its recruitment and hiring for all CHEEF positions, including new positions and existing positions that transitioned from limited term to permanent positions as a result of the CPUC's commitment of long-term funding. During this period, CAEATFA experienced a staffing vacancy rate of approximately 26%. CAEATFA is projecting to be fully staffed with its twelve authorized positions by Q1 2018.
- Staff developed Requests for Proposals (RFP) for trustee and master servicer services under the CHEEF.

Residential Energy Efficiency Loan (REEL) Assistance Program

- Continued Lender Recruitment.
- Developed and proposed modifications to the REEL program to streamline and increase the program's effectiveness. Program regulations were presented at a public workshop on July 19, 2017, approved by the CAEATFA Board on August 15, 2017, and made effective and approved by the Office of Administrative Law on September 5, 2017.
- CAEATFA staff concluded its competitive recruitment for a Contractor Manager, which was approved by the Board on August 15, 2017. The contract is expected to be approved by the Department of General services in October 2017, and staff will begin on-boarding.
- CAEATFA completed phase two of a multi-phase effort to decouple the REEL program EEEMs list from its current structure by making all EEEMS eligible for statewide uptake provided the measure's fuel source was serviced by the appropriate IOU.
- The combined efforts of CAEATFA, CSE's marketing of REEL, collaborating with local governments and community based organizations, while the IOUs targeted homeowners within their territories, facilitated the increase in Program loan volume.

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- As of September 25, 2017, 251 contractors were trained and 149 contractors enrolled in the program.
- During Q3 2017, 45 projects were completed with a total loan amount of \$737,036, bringing the overall Program total to 70 projects and approximately \$1.2 million dollars in loans.
- REEL marketing efforts shifted to a more consumer-centric approach. The marketing implementer, CSE, concluded its summer marketing campaign which targeted consumers through paid, shared, and owned media strategies. The IOUs, specifically SCE/SCG, completed a round of consumer marketing targeting utility customers it felt most qualified for REEL.

Small Business Pilot

- Limited staff resources were available to continue to conduct research and outreach to further develop a proposed program structure for the Small Business pilot, with a target to develop an initial draft proposal for public input at a workshop to be scheduled in Q1 2018.

Affordable Multifamily Pilot

- Staff, with substantial assistance from Harcourt Brown & Carey, continued its research and outreach on initial program design, in anticipation of a public workshop in Q4 2017.

On-Bill Repayment (OBR) Functionality

- Staff and Concord continued to work on the design of the lender-master servicer OBR interaction.
- Concord and Harcourt Brown & Carey continued to work on the design for secure cash flow functionality under OBR.

Section 3: Budget and Staffing Authorization

D.13-09-044 directs the IOUs to allocate a total of \$75.2 million to finance the pilots over the initial pilot period. Table 1 provides an itemized breakdown of these allocations, current expenditures and remaining balance. As of September 30, 2017, CAEATFA expended \$4,232,815² of the \$15.36 million allocated for CHEEF Administration, Direct Implementation, and Marketing, Education, and Outreach. Of the \$4,232,815 expended, \$814,589 was used to fund contracts with the Master Servicer (Concord Servicing Corporation) and the Trustee Bank (US Bank).

Concurrently, in the 2017 Budget Act, the Legislature approved CAEATFA's reimbursement and expenditure authority through FY 2017-2018. CAEATFA will need to submit subsequent budget request to seek approval for extended authority.

In addition, CAEATFA was provided with the administrative authority to modify its existing staffing structure from limited-term to permanent staff, given the CPUC's commitment for long-term administrative funding for the CHEEF. CAEATFA intends to recruit and hire all of its positions by the end

² This figure does not include the amount listed as credit enhancements presented in the budget table below.

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of Q4, and to bring new staff on-board. While this will create resource gaps in the short term, for the long term, it sets the CHEEF on a path for success in its hiring and retention of qualified staff.

Table 1 – Budget Table for CHEEF Expenditures (September 2014 through September 30, 2017)³

Item	Allocated	Expended/ Encumbered ⁴	Balance
CHEEF Administration			
Includes Start-Up costs, CHEEF administrative, direct implementation, and contracting costs ⁵	\$ 13,360,000	\$ 3,811,820	\$ 9,548,180
Subtotal CHEEF Start-Up Costs	\$ 13,360,000	\$ 3,811,820	\$ 9,548,180
Marketing, Education, Outreach (MEO)			
Statewide MEO plan	\$ 8,000,000	(TBD)	\$ 8,000,000
CAEATFA outreach and training to financial institutions and Contractors	\$ 2,000,000	\$ 420,995	\$ 1,579,005
Subtotal Marketing, Education, and Outreach	\$ 10,000,000	\$ 420,995	\$ 9,579,005
Residential pilots			
Residential Energy Efficiency Loan (REEL) Credit Enhancement Funds	\$ 25,000,000	\$ 138,767	\$ 24,861,233
Energy Financing Line Item Charge (Funding to PG&E)	\$ 1,000,000	(TBD)	\$ 1,000,000
Multi-Family	\$ 2,900,000	-	\$ 2,900,000
Subtotal Residential Pilots	\$ 28,900,000	\$ 138,767	\$ 28,761,233
Non-Residential Pilots			
Small business sector OBR with credit enhancement	\$ 14,000,000	-	\$ 14,000,000
Other Non-Credit Enhancement funds	-	-	-
Subtotal Non-Residential Pilots	\$ 14,000,000	\$ -	\$ 14,000,000
Information Technology (IT)			
IT Funding to IOUs ⁶	\$ 8,000,000	(TBD)	\$ 8,000,000
Subtotal IT Funding to IOUs	\$ 8,000,000	(TBD)	\$ 8,000,000
CHEEF Pilot Reserve			
CHEEF Pilot Reserve ⁷	\$ 984,931	-	\$ 984,931
Subtotal CHEEF Pilot Reserve	\$ 984,931	\$ -	\$ 984,931
GRAND TOTAL	\$ 75,244,931	\$ 4,371,582	\$ 70,873,349

***Note:** Quarterly expenditures are based on good faith estimates due to a lag in invoice submittals.

³ This table is not a comprehensive representation of the budget. It does not reflect CSE's expenditures related to ME&O, the IOUs expenditures and additional allocations for IT and administration, or other non-CHEEF costs.

⁴ Encumbered refers to the credit enhancement funds reserved for enrolled loans under the Residential Energy Efficiency Loan (REEL) Loan Loss Reserve (LLR).

⁵ Amount of funds allocated to this section includes the additional \$8.36 million that was approved by CPUC Rulemaking 13-11-005: Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing, Education and Outreach Activities issued November 22, 2016.

⁶ IT funding to IOUs reports only the initial allocation and does not reflect current IOU expenditures.

⁷ This amount reflects the remaining balance after the release of funds that was approved by CPUC Rulemaking 13-11-005: Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing, Education and Outreach Activities issued November 22, 2016.

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Section 4: CHEEF Infrastructure

This Section complies with the direction from the CPUC to provide updates on the “the platform and space within which CHEEF functions take place.” CAEATFA is creating a streamlined, statewide platform for lenders and contractors to participate in the uptake of energy efficiency projects through increased access to financing. As the manager of the CHEEF, CAEATFA is developing uniform program requirements, standardized documentation and processes, and a central administrative entity to facilitate investment in energy efficiency projects and implementation of the pilot programs.

Key infrastructure elements needed to implement the CHEEF include a Master Servicer, Trustee Bank, Secure Flow of Funds functionality, Contractor Manager, Data Manager, and Technical Advisors. Below are descriptions of each of these roles and information regarding their current status as it relates to CAEATFA’s procurement processes.

Master Servicer. The Master Servicer (MS) plays a key role in the daily administration of the program(s), accepting lender and loan enrollment applications, and processing on-bill repayment transactions. The current contract with Concord Servicing Corporation has been extended to the maximum allowable term and expires on December 31, 2017. A new Request for Proposal (RFP) is currently being developed and will be released in Q4 2017 to establish a new MS contract before the end of the current contract term.

Trustee Bank. The Trustee Bank holds the ratepayer funds provided by the IOUs to serve as Credit Enhancements (CE) under the various pilot programs. CAEATFA provides direction to the Trustee Bank to transfer CE funds between various accounts.⁸ The Decision and regulations developed for each pilot specify the amount of credit enhancement funds available for each enrolled financing, and also identify the processes for payment of claims under the programs. The Trustee Bank contract was initially approved by the Department of General Services on March 11, 2015 and has been extended to the maximum allowable term expiring on December 31, 2017. A new Request for Proposal (RFP) is being developed and will be released in Q4 2017 to establish a new Trustee Bank contract before the end of the current contract term.

Contractor Manager. The Contractor Manager will enroll and manage contractors in the REEL Program, coordinate with the Statewide Financing Marketing, Education, and Outreach Implementer on outreach, and conduct quality control oversight of projects not participating in an IOU rebate/incentive program. CAEATFA conducted a competitive solicitation to select a Contractor Manager. Frontier Energy was one of five bidders that responded to an RFP released in April of 2017. Frontier Energy (formerly BKI), was selected for their substantive experience running successful energy efficiency programs for the IOUs and Regional Energy Networks (RENs), including financing programs, as well as their thoughtful and customized approach toward contractor outreach and education for the REEL program. The Board approved staff’s recommendation on August 15, 2017, and the contract is anticipated to be approved by the Department of General Services by Q4 2017. The contract will expire August 31, 2019.

⁸ IOU Holding Accounts, IOU Program Accounts, IOU Pre-approval Accounts and participating Lender Accounts.

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Data Manager. The Data Manager will receive pilot program data from the MS and other energy efficiency finance program administrators in order to prepare it for public presentation and use. It will also receive pilot program related energy savings data from the CPUC. The data will be aggregated and anonymized according to the combined standards and regulatory requirements of the IOUs and capital providers. The RFP for the competitive solicitation for this service has yet to be released while CAEATFA prioritizes its workload to develop and implement the pilots. Concurrently, CAEATFA and its agents will continue to collect the appropriate data to ultimately be transmitted to the data manager when it is brought under contract.

Technical Advisors. Technical Advisors provide expertise to CAEATFA in its development and implementation of the CHEEF pilot programs. CAEATFA contracted with Energy Futures Group (EFG) for technical assistance to continue research and development, and implementation assistance for the commercial pilots effective March 29, 2017. Under its implementation agreement with the IOUs, CAEATFA continues to rely on the ongoing technical support of Harcourt Brown & Carey (HB&C) and anticipates additional assistance from HB&C with regard to on-bill infrastructure implementation. HB&C's expertise and project management assistance has been helpful in providing continuity under the pilots.

Section 5: Program Development

Residential Energy Efficiency Loan Assistance Program

The Residential Energy Efficiency Loan (REEL) Assistance Program launched and enrolled its first loan in July 2016. REEL's initial pilot term is expected to last through July 15, 2018, and will continue through the subsequent pilot evaluation period.

Program Modifications

In May and June of 2017, CAEATFA staff began proposing changes to existing regulations for modification through the emergency rulemaking process to reflect stakeholder feedback, lessons learned and the new flexibility provided by CPUC Decision 17-03-026. Some of the proposed changes included:

- consolidation and ultimate removal of all IOU Customer Data Release forms
- lender certification of loan eligibility upon enrollment in the program, instead of loan by loan, to streamline the loan enrollment process
- clarifying eligibility for manufactured homes
- consolidation of separate IOU LLR accounts into a single, statewide loss reserve account for each lender
- change from quarterly to annual LLR rebalance

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- flexibility in using REEL to refinance a deposit loan made by a REEL lender for the same project

CAEATFA held a workshop and webinar on proposed modifications to the REEL Program on July 19, 2017, and invited comments from stakeholders and interested parties through July 27, 2017. Following the public comment period, CAEATFA made further modifications to the proposed REEL regulations which were approved by the CAEATFA Board in August 2017, and became effective as of September 5, 2017. These modifications sought to address the needs of program stakeholders and facilitate increased program participation. The modifications clarified and updated definitions, project and loan eligibility requirements, enrollment data requirements, loss reserve account structure, quality assurance standards, and information security disclosures.

CAEATFA staff conducted roundtable discussions with all active lenders regarding the proposed regulation changes. After receiving lender comments on the challenges surrounding household income as a basis for low-to-moderate income (LMI) determination, CAEATFA continues to explore alternative methodologies for LMI determination.

Eligible Energy Efficiency Measures (EEEMs)

In March of 2017, Decision 17-03-26 granted CAEATFA the flexibility to decouple the program EEEMs list from existing IOU rebate and incentive programs. CAEATFA's three-phase approach to improving the REEL Program is underway and in the third phase. In the first phase, CAEATFA worked with the IOUs to remove bundling and modeling requirements from the EEEMs list. In the second phase, CAEATFA made all EEEMs eligible for statewide uptake provided the measure's fuel source was serviced by the appropriate IOU. During this phase, CAEATFA also added windows and cool roofs as eligible measures to the program. To ensure accuracy of the list and accessibility for participating contractors, CAEATFA consulted IOUs and participating contractors during its phase two efforts. Phase two was completed in August 2017.

CAEATFA is currently working through its phase three efforts where the four separate lists will be removed to yield a single list of measures applicable to all IOU territories. During this phase, CAEATFA will explore inclusion of measures that are not part of the IOU rebate and incentive programs. Phase three is expected to be completed and implemented in Q1 of 2018.

Lender Activity, Recruitment and Training

CAEATFA is continuously recruiting lenders, and providing support to participating lenders. As of September 30, 2017, five lenders (Viewtech Financial Services, Valley Oak Credit Union, Matadors Community Credit Union, California Coast Credit Union, and Desert Valleys Federal Credit Union) have been approved in the REEL Program. Of the five lenders, four are operational and can accept REEL applications from consumers: Valley Oak Credit Union, Matadors Community Credit Union, Desert Valleys Federal Credit Union, and California Coast Credit Union.

To support participating program lenders with training on the recent and upcoming program changes, staff visited one of the statewide lenders and has planned to visit another in Q4 of 2017 to assist with outreach. CAEATFA continues to provide support to participating lenders with REEL loan questions and

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implementation of the program. Additionally, CAEATFA staff continues to support lenders by responding to inquiries received by phone and by troubleshooting loan questions. Lender profiles can be found in Appendix B.

Working with the four lenders, 45 projects were completed with a total loan amount of \$737,036 over this past quarter, with an average loan size of \$16,537. A complete list of the loans enrolled to date, and select attributes, can be found in Appendix A, Table 2.

CAEATFA is currently recruiting other eligible lenders and conducting additional outreach. For example, CAEATFA remains in discussions with a high volume, Retail Installment Contract (RIC) lender to discuss their proposed REEL product, and the benefits it offers to consumers if the RIC lender were enrolled into the REEL Program. The RIC lender aims to merge the REEL paperwork process into their internal loan application process to streamline and maximize loan enrollment. While staff has invested time into streamlining the operation, this lender is still working through its internal process to determine its participation in REEL.

RHA's Energy Fitness program

During Q2 and Q3 2017, CAEATFA staff worked with Richard Heath and Associates (RHA), the implementer for one of PG&E's direct install programs. The goal was to offer REEL loans for the copay portion of the direct install energy efficiency projects. CAEATFA staff worked through the logistical and operational challenges of loan enrollment with RHA and Valley Oak Credit Union, a participating REEL lender. The Energy Fitness program began visiting customers in the Valley Oak territory at the beginning of September 2017. There has not been any uptake of REEL financing through this program to date. Because the co-pays for the Energy Fitness program are very small (around \$1,500) it remains to be seen whether customers will find it worthwhile to apply for loans to finance the co-pay rather than use savings or credit cards.

Contractor Recruitment and Training

Beginning in April 2016, CAEATFA began providing both in-person trainings and weekly webinar trainings for contractors interested in participating in REEL. During this quarter, 32 new contractors were trained and 22 of those new contractors enrolled in the program. Since its initial offering, 237 contractors have been trained with 42 of them attending in-person training sessions. A total of 149 contractors have been enrolled in the program to date. The ongoing webinar schedule can be found at www.thecheef.com/REEL.

In an effort to make the contractor compliance training accessible to a wider pool of eligible contractors interested in joining the REEL Program, CAEATFA staff is working to develop an on-demand, web-based training platform. The on-demand, web-based training will give contractors the flexibility to view training material at their convenience 24-hours a day, 7-days a week. During this quarter, staff identified potential software platforms for the training and worked to convert the live training into modules for the on-demand version.

Staff expects the on-demand training to be available to participating contractors beginning Q1 of 2018.

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In addition, CAEATFA staff are working with the IOUs and their energy efficiency program implementers (i.e., Build It Green and ICF International) to conduct outreach and training of contractors for the REEL Program by posting REEL Program information and training schedules on their websites, as well as in their monthly/quarterly newsletters. Ongoing efforts are being made to improve the resources available to contractors on www.thecheef.com.

Marketing Coordination

On June 6, 2017, at the Program and Marketing Update Event at the SCE/SoCalGas location in Downey, CSE provided an update to the IOUs, CPUC, CAEATFA, and program stakeholders regarding the marketing campaign and the collateral that is currently available. At this event, CAEATFA also presented an update on recent and upcoming changes to REEL and the marketing contract.

CPUC D.17.03.026 instructed SCG to design and conduct a competitive solicitation for a new Marketing Education and Outreach (ME&O) implementer for the pilots. This directive clarified the CPUC's intention that ME&O for the financing pilots would be awarded and implemented separately from ME&O for the statewide Energy Upgrade California efforts. In July and August of 2017, CAEATFA staff assisted SCG with this effort through providing input on the scope of work, evaluating applications, conducting interviews with applicants and shaping the final contract. The IOUs, CPUC, CAEATFA and Greenlining all participated in the scoring of applications. Center for Sustainable Energy (CSE) was awarded the new ME&O contract informally during Q3 with a final contract expected to be executed in October, 2017. As the new implementer, CSE will be responsible for outreach to end users of the pilots for REEL as well as the commercial and multi-family pilots. CSE will assist with development of collateral to support CAEATFA's outreach to contractors and lenders as well as to support local governments and other partners in their promotion of the pilots.

Throughout Q3 2017, CSE marketed REEL through a collaborative effort with local governments and community based organizations, attended expos, sent newsletter and social media blasts, and held in-person presentations. These efforts were targeted at homeowners and contractors across the state. In August and September, SDG&E, SCE, and SCG also targeted homeowners in their respective territories through email messaging. The emails promoted current rebates offered by the IOU and included a separate section on the REEL program. The emails resulted in a combined 613,688 engagements with an open rate ranging from 38.43% to 45.50% (varying by IOU). These efforts correlated with a substantial increase in loan volume to participating lenders from consumers in each IOU's territory.

PG&E REEL Sub-Pilot: Energy Finance Line Item Charge (EFLIC)

CAEATFA's efforts to develop EFLIC, an on-bill, sub-pilot of REEL, available in PG&E territory, has been paused while CAEATFA works to modify the REEL program following the CPUC's March 2017 Decision granting more flexibility to CAEATFA. In prior quarters, CAEATFA spent significant effort working with several capital providers to launch this sub-pilot. However, the most recent entity interested in developing a product under the program is no longer able to commit resources to continue participation, although they have not ruled it out for the future.

CAEATFA will assess its prioritization of this effort once PG&E's OBR infrastructure is established and CAEATFA's new staff positions are on-boarded.

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Statewide Customer Information Service Release (CISR)

Energy usage data is considered private information that cannot be released by the IOUs without obtaining authorization from the customer.

Since the launch of the REEL pilot, each IOU has required an IOU-specific CISR form for their customers which created cumbersome processes for lenders, borrowers and contractors. To meet these requirements, CAEATFA and the IOU's created a CISR that was approved by the CPUC in 2015. In response to CAEATFA's advocacy, in Decision 17-03-026, the CPUC provided support to allow CAEATFA to implement a single, statewide CISR. In Q2 2017, CAEATFA staff spent significant effort attempting to create a single statewide CISR form but the single form presented legal challenges for the IOUs.

CAEATFA, the CPUC, and the IOUs began exploring options to remove the CISR from the program entirely. In Q3 2017, with the adoption of the new REEL regulations, the CISR was removed from the REEL program and will not be utilized in future CHEEF pilots. CAEATFA continues to work with the CPUC to coordinate an alternate, more streamlined method to share energy savings data from the pilot programs.

On-Bill Repayment (OBR)

Several pilot programs will include OBR as a key feature. CAEATFA staff is working with the IOUs and the MS to establish the OBR infrastructure. The CPUC's recent Decision provided CAEATFA with the ability to offer all programs off-bill. CAEATFA will continue to research and develop OBR, while it's concurrently launching off-bill versions of each pilot.

Infrastructure Development and Operations

One key component of the OBR infrastructure is the Data Exchange Protocol (DEP). The DEP outlines the process allowing for secure transmission of payments and repayment data between the IOUs, MS and lenders. After working through multiple complex residential and commercial customer data scenarios, the MS and the IOUs signed off on the Data Exchange Protocol requirements in January of 2016. The parties finalized and formally adopted the IOU-MS functionality testing plan and schedule in early June of 2016. From summer through fall of 2016, three of the four partner IOUs successfully completed the majority of their scheduled OBR testing. Through testing, the MS and IOUs identified several components of the DEP that required clarification. The MS has been working to issue an updated version of the DEP. The fourth IOU is scheduled to complete initial OBR testing during Q4 of 2017.

During fall of 2016, CAEATFA collaborated with the IOUs to develop a full catalogue of OBR program features and requirements, and the operational implications of participating in OBR for lenders.

The development of the lender-master servicer communications has been an area of focused work for CAEATFA and the MS during Q3 2017. The lender-master servicer data exchange is the core operational and communications platform process governing interactions between the MS and lenders through the full life cycle of OBR loans. The MS provided CAEATFA with a scope of work to develop this communications platform which CAEATFA is reviewing. CAEATFA has also been working to resolve various open issues and research questions involving OBR operational components and processes.

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Further development and testing with the IOUs will likely be needed depending on the final outcome of key elements.

In order to ensure a secure cash flow for lenders participating in the on-bill programs, CAEATFA, Concord, and Chase Bank will work to develop governance structures around the accounts which will receive remittances from the IOUs. This agreement specifies the use of an online portal with restrictions on parties who may receive funds. This process is being prioritized concurrently with CAEATFA's and Concord's other workload.

Commercial Pilot Development

CAEATFA staff, along with Energy Futures Group, a technical advisor, continued development of the CHEEF Commercial Pilots which will support various financial products including loans, leases, and energy service agreements. The Small Business pilot will launch first. This program provides credit enhancements to help financing entities mitigate risk and allows an option for on-bill or off-bill repayment. Subsequently, CAEATFA will launch the Non-Residential pilot which provides larger non-residential entities (including governmental agencies) an option to repay financing through the utility bill. This approach allows for a diverse group of entities of all sizes to pursue energy efficiency financing through the program.

Expecting that a majority of commercial projects will be "finance-only" and not participating in the IOU rebate or incentive programs, in Q3, CAEATFA focused on identifying the necessary QA/QC protocols for the small business pilot. CAEATFA is evaluating whether a Contractor Manager will be needed for the commercial programs, similar to the REEL program. Staff developed multiple approaches for project eligibility to accommodate the various ways by which borrowers pursue energy efficiency projects. Staff also began development on a broad list of eligible energy saving measures which will allow for smaller projects to qualify with a simple approach. In conjunction with the Investor Confidence Project (ICP), CAEATFA is working to explore the integration of ICP protocols as third party quality assurance for large finance-only projects.⁹

CAEATFA plans in Q4 2017 to survey external stakeholders interested in the non-residential pilots which include energy efficiency implementers, contractors and local government agencies to further refine the proposed structure for the commercial pilots and to identify partnerships and markets where the program can be implemented successfully.

- Q2 2018 -- Commercial Workshop
 - Refreshed program structure, reflecting flexibility provided by most recent CPUC Decision
- Q3 2018 – Commercial Regulatory Workshop
 - Solicitation of Comment on Draft Regulatory Text

⁹A link to the Investor Confidence Project website(<http://www.eepformance.org/>)

CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING (CHEEF) QUARTERLY REPORT AND PROGRAM STATUS SUMMARY

July 1, 2017 – September 30, 2017

Affordable Multifamily Pilot Development

CAEATFA has also been concurrently working to research and develop the Affordable Multifamily Financing Pilot, targeting properties in which at least 50% of the units are restricted to low and moderate income-eligible households (60% AMI). The Affordable Multifamily Financing Pilot features a credit enhancement to help financing entities mitigate risk, and will support loans, leases and energy service agreements.

It will be designed to leverage and complement existing efforts to finance affordable multifamily housing and energy efficiency retrofits, and to encourage growth in private market lending. CAEATFA has anticipated that the Affordable Multifamily Pilot would be the last in the series of pilots to launch. However, with the CPUC's recent modifications to remove the limitation of master-metered units and OBR, CAEATFA will consider whether it may be able to accelerate the development of this pilot. CAEATFA will be able to better evaluate its capacity once its new resources are on-boarded.

In support of development of the Affordable Multifamily Financing Pilot, CAEATFA is planning to hold a workshop on November 7th at PG&E's Pacific Energy Center in San Francisco to solicit stakeholder and public input on the initial draft of the program design, and to identify areas of need for technical assistance opportunities.

Section 6: Additional Information

More information on the CHEEF Pilot Programs is available on CAEATFA's website at <http://www.treasurer.ca.gov/caeatfa/cheef> or at thecheef.com. To receive notifications regarding workshops, regulations, and other items related to the CHEEF, please sign up [here](#) for CAEATFA's email distribution list. Please direct inquiries on this report or generally on the CHEEF Pilot Programs to CAEATFA at (916) 651-8157 or cheef@treasurer.ca.gov.

Reporting Components Required by D.13-09-044

July 1, 2017 – September 30, 2017

Appendix A:

Below is a full list of data points required by D.13-09-044 to be submitted as part of this Quarterly Report. Many of these components are related to the implementation stages of the program. Additional information will be provided in subsequent Quarterly Reports as program activity ramps-up.

- **The platform and space within which CHEEF functions take place**
 - See Section 3 on p. 5.
- **Accounts and account managers associated with CHEEF. A summary table of accounts with beginning and ending monthly balances is available at the end of Appendix A.**

The following CHEEF accounts have been established with US Bank:

- CHEEF PG&E Holding Account
- CHEEF PG&E REEL Program Account
- CHEEF PG&E REEL Reservation Account
- Valley Oak Credit Union PG&E REEL Loss Reserve Account
- Viewtech PG&E REEL Loss Reserve Account
- Matadors Community Credit Union PG&E REEL Loss Reserve Account
- California Coast Credit Union PG&E REEL Loss Reserve Account
- Desert Valleys Federal Credit Union PG&E REEL Loss Reserve Account

- CHEEF SDG&E Holding Account
- CHEEF SDG&E Program Account
- CHEEF SDG&E Reservation Account
- Valley Oak Credit Union SDG&E REEL Loss Reserve Account
- Viewtech SDG&E REEL Loss Reserve Account
- Matadors Community Credit Union SDG&E REEL Loss Reserve Account
- California Coast Credit Union SDG&E REEL Loss Reserve Account
- Desert Valleys Federal Credit Union SDG&E REEL Loss Reserve Account

- CHEEF SCE Holding Account
- CHEEF SCE Program Account
- CHEEF SCE Reservation Account
- Valley Oak Credit Union SCE REEL Loss Reserve Account
- Viewtech SCE REEL Loss Reserve Account
- Matadors Community Credit Union SCE REEL Loss Reserve Account
- California Coast Credit Union SCE REEL Loss Reserve Account
- Desert Valleys Federal Credit Union SCE REEL Loss Reserve Account

- CHEEF SoCalGas Holding Account
- CHEEF SoCalGas Program Account
- CHEEF SoCalGas Reservation Account

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- Valley Oak Credit Union SoCalGas REEL Loss Reserve Account
- Viewtech SoCalGas REEL Loss Reserve Account
- Matadors Community Credit Union SoCalGas REEL Loss Reserve Account
- California Coast Credit Union SoCalGas REEL Loss Reserve Account
- Desert Valleys Federal Credit Union SoCalGas REEL Loss Reserve Account

- **Database permission (and levels therein) criteria and platforms**
CAEATFA is in the process of working with the Master Servicer to establish database infrastructure. No permissions have been set at this time.

- **Contractor-facing products (such as websites/informational charts)**
 - additional information regarding the CHEEF pilot programs, lender profiles, contractor resources, marketing and continuing education information can be found at thecheef.com.

 - CAEATFA maintains information about the pilots and related workshops, trainings, and events on its website:
<http://www.treasurer.ca.gov/caeatfa/cheef/reel/contractor/index.asp>.

 - information on Eligible Energy Efficiency Measures is available online at <http://eeems.azurewebsites.net/>

- **Transactions of various financial products administered by CHEEF and certain aggregate profile information about borrowers, project purposes/scope, financed amounts, etc.**
As of September 30, 2017, 70 loans have been enrolled into the program. Fifty-seven were funded by California Coast Credit Union (statewide), nine by Matadors Community Credit Union (statewide lender), three by Valley Oak Credit Union (regional lender), and one by Desert Valleys Federal Credit Union (regional lender). (See Table 2, pg A-3)

Reporting Components Required by D.13-09-044

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Table 2: Summary of All REEL Program Loans Enrolled to Date.								
Loss Reserve Funding Date	Lender Name	Total Loan Amount	Credit Enhancement Amount¹⁰	Interest Rate	Income Range	FICO BAND	D/I Ratio	Term of Loan (Months)
7/28/2016	Matadors	\$12,285	\$1,351.35	6.99%	\$100,000 - \$149,999	641-700	25-35%	120
7/19/2016	Matadors	\$7,500	\$825.00	6.99%	\$75,000-\$99,999	701-760	46-55%	180
9/26/2016	Matadors	\$8,385	\$922.35	6.99%	\$100,000 - \$149,999	701-760	36-45%	120
10/31/2016	Matadors	\$15,000	\$3,000.00	6.49%	<\$25,000	761-820	<25%	60
11/28/2016	Valley Oak	\$14,368	\$1,332.98	7.10%	\$50,000-\$74,999	701-760	46-55%	120
1/13/2017	California Coast	\$25,000	\$2,750	5.88%	\$150,000+	701-760	25-35%	60
1/18/2017	California Coast	\$14,648.90	\$2,529.78	6.88%	\$35,000-\$49,999	701-760	46-55%	180
2/21/2017	California Coast	\$22,543	\$2,479.73	5.88%	\$100,000-\$149,999	701-760	25-35%	60
3/3/2017	California Coast	\$14,350	\$1,578.50	6.38%	\$75,000-\$99,999	701-760	36-45%	120
3/8/2017	California Coast	\$9,393	\$813.23	6.38%	\$100,000-\$149,999	701-760	36-45%	120
3/31/2017	California Coast	\$16,104	\$1,529.44	7.38%	\$75,000-\$99,999	580-640	36-45%	120
04/27/2017	Matadors	\$50,000	\$5,500	7.99%	\$150,000+	641-700	<25%	180
04/28/2017	Matadors	\$24,500	\$2,695	7.99%	\$150,000+	761-820	36-45%	180
05/09/2017	California Coast	\$15,000	\$3,000	6.88%	\$35,000-\$49,999	761-820	46-55%	180
05/09/2017	California Coast	\$8,947	\$984.17	6.88%	\$50,000-\$74,999	641-700	25-35%	60
05/26/2017	California Coast	\$38,740	\$4,261.40	7.88%	\$100,000-\$149,999	641-700	46-55%	180
06/06/2017	Valley Oak	\$10,500	\$1,155	8.95%	\$75,000-\$99,999	580-640	46-55%	60
06/06/2017	California Coast	\$13,871	\$1,525.81	6.38%	\$100,000-\$149,999	701-760	46-55%	120
06/08/2017	California Coast	\$23,962	\$3,292.54	6.88%	\$25,000-\$34,999	821+	36-45%	180
06/12/2017	California Coast	\$25,744	\$2,831.84	7.38%	\$150,000+	641-700	<25%	120
06/12/2017	California Coast	\$25,000	\$2,750	7.38%	\$100,000-\$149,999	641-700	36-45%	120
06/14/2017	California Coast	\$24,044	\$1,915.21	6.38%	\$150,000+	761-820	36-45%	120

¹⁰ No claims on the reserve funds have been made to date.

Reporting Components Required by D.13-09-044

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06/14/2017	California Coast	\$12,932	\$1,422.52	6.88%	\$150,000+	701-760	36-45%	180
06/15/2017	California Coast	\$8,546	\$940.06	6.88%	\$100,000-\$149,999	641-700	46-55%	48
06/30/2017	California Coast	\$11,370	\$1,250.70	5.88%	\$100,000-\$149,999	761-820	<25%	60
07/17/2017	California Coast	\$9,818.00	\$1,963.60	6.38%	\$75,000-\$99,999	821+	36-45%	120
07/17/2017	California Coast	\$19,927.00	\$2191.97	5.88%	\$150,000+	761-820	25-35%	60
07/17/2017	California Coast	\$37,000.00	\$3,442.26	6.38%	\$100,000-\$149,999	701-760	36-45%	120
07/17/2017	California Coast	\$7,176.00	\$789.36	6.88%	\$75,000-\$99,999	641-700	25-35%	48
07/17/2017	California Coast	\$11,663.00	\$1,282.93	6.38%	\$150,000+	761-820	25-35%	120
07/17/2017	California Coast	\$10,327.69	\$1,136.05	6.88%	\$100,000-\$149,999	701-760	25-35%	180
07/26/2017	California Coast	\$12,670.00	\$1,393.70	7.88%	\$75,000-\$99,999	641-700	46-55%	180
07/27/2017	California Coast	\$10,624.00	\$1,168.64	6.88%	\$150,000+	761-820	<25%	180
07/28/2017	Matadors	\$15,189.00	\$1,670.79	5.99%	\$150,000+	761-820	25-35%	60
07/31/2017	California Coast	\$29,841.99	\$2,436.83	6.88%	\$150,000+	701-760	36-45%	180
07/31/2017	California Coast	\$13,913.44	\$1,530.48	6.38%	\$100,000-\$149,999	761-820	36-45%	120
08/08/2017	California Coast	\$7,000.00	\$1,400.00	5.88%	\$25,000-\$34,999	821	<25%	60
08/10/2017	California Coast	\$8,313.00	\$914.43	5.88%	\$100,000-\$149,999	701-760	25-35%	60
08/10/2017	California Coast	\$7,589.00	\$834.79	7.38%	\$100,000-\$149,999	641-700	36-45%	120
08/11/2017	California Coast	\$6,956.55	\$765.22	5.88%	\$100,000-\$149,999	701-760	36-45%	60
08/21/2017	California Coast	\$8,688.00	\$955.68	6.38%	\$100,000-\$149,999	701-760	46-55%	84
08/21/2017	California Coast	\$6,920.00	\$1,384.00	6.88%	\$75,000-\$99,999	701-760	46-55%	180
08/23/2017	California Coast	\$25,730.00	\$2,830.30	6.88%	\$100,000-\$149,999	701-760	36-45%	180
08/23/2017	California Coast	\$7,103.00	\$552.53	5.88%	\$150,000	761-820	36-45%	60
08/25/2017	California Coast	\$34,323.58	\$3,775.59	6.88%	\$75,000-\$99,999	701-760	36-45%	180
08/25/2017	California Coast	\$4,000.00	\$800.00	6.38%	\$50,000-\$74,999	761-820	36-45%	60
08/28/2017	California Coast	\$14,876.80	\$1,636.45	6.88%	\$75,000-\$99,999	580-640	46-55%	60
08/28/2017	California Coast	\$9,169.00	\$1,008.59	6.38%	\$150,000	821	25-35%	24

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08/29/2017	California Coast	\$11,680.35	\$1,284.84	6.38%	\$150,000	761-820	36-45%	60
08/30/2017	California Coast	\$7,400.01	\$814.00	6.88%	\$100,000-149,999	761-820	25-35%	120
09/11/2017	Desert Valleys	\$21,138.25	\$2,325.21	6.50%	\$50,000-\$74,999	641-700	25-35%	120
09/11/2017	California Coast	\$6,215.00	\$683.65	7.38%	\$100,000-\$149,999	641-700	46-55%	84
09/11/2017	California Coast	\$18,580.00	\$2,043.80	7.38%	\$100,000-\$149,999	641-700	25-35%	180
09/14/2017	California Coast	\$23,553.00	\$2,590.83	6.38%	\$150,000	701-760	<25%	72
09/14/2017	California Coast	\$16,324.00	\$1,795.64	5.88%	\$75,000-\$99,999	761-820	<25%	60
09/14/2017	California Coast	\$30,000.00	\$6,000.00	7.88%	\$50,000-\$74,999	641-700	36-45%	180
09/14/2017	California Coast	\$34,169.77	\$3,758.67	5.88%	\$150,000	701-760	25-35%	48
09/18/2017	Matadors	\$7,146.00	\$786.06	5.99%	\$150,000	701-760	25-35%	60
09/18/2017	California Coast	\$43,467.00	\$4,781.37	6.88%	\$150,000	761-820	25-35%	180
09/18/2017	California Coast	\$12,714.29	\$1,398.57	7.38%	\$100,000-\$149,999	580-640	46-55%	120
09/18/2017	California Coast	\$8,912.00	\$980.32	7.88%	\$100,000-\$149,999	641-700	36-45%	180
09/18/2017	California Coast	\$50,000.00	\$5,500.00	6.88%	\$150,000	701-760	25-35%	180
09/25/2017	Matadors	\$15,327.00	\$1,685.97	5.99%	\$75,000-\$99,999	821	25-35%	60
09/25/2017	California Coast	\$16,962.00	\$2,942.40	6.88%	\$100,000-\$149,999	701-760	<25%	180
09/25/2017	California Coast	\$20,828.00	\$2,291.08	5.88%	\$100,000-\$149,999	761-820	25-35%	60
09/25/2017	California Coast	\$5,500.00	\$1,100.00	6.38%	\$50,000-\$74,999	701-760	<25%	60
09/25/2017	Valley Oak	\$10,000.00	\$1,100.00	6.88%	\$75,000-\$99,999	641-700	46-55%	60
09/29/2017	California Coast	\$25,500.00	\$2,805.00	7.81%	\$50,000-\$74,999	701-760	36-45%	120
09/29/2017	California Coast	\$18,714.51	\$2,058.60	6.88%	\$150,000	701-760	36-45%	120
09/29/2017	California Coast	\$13,998.00	\$1,539.78	6.38%	\$50,000-\$74,999	701-760	36-45%	120
	Grand Total	\$1,189,681.13	\$138,766.59					

Reporting Components Required by D.13-09-044

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Appendix B: Lender Profiles

Statewide Lenders

California Coast Credit Union

California Coast Credit Union is a statewide credit union offering financial products to pay for eligible energy efficiency to qualified single-family residential customers throughout California.

California Coast – Rate (Signature Loan compared to REEL Loan)				
Borrower FICO	Signature Loan Rate (5yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
700+	9.85%	5.88%	6.38%	6.88%
675-699	12.85%	6.88%	7.38%	7.88%
640-674	15.85%	6.88%	7.38%	7.88%
600-639	18.85%	6.88%	7.38%	7.88%
California Coast – Term & Loan Amount (Signature Loan compared to REEL Loan)				
Term (Years)	Signature Loan Amount		REEL Loan Amount	
1 – 5	\$5,000 - \$20,000		\$2,500 - \$50,000	
6 - 10	Not Offered		\$2,500 - \$50,000	
11 - 15	Not Offered		\$2,500 - \$50,000	

California Coast did not previously offer any energy efficiency home improvement loans. A member seeking unsecured financing (5-year term) would have applied for a “Signature Loan” through the credit union at a rate of 9.85% for higher FICO borrowers and at rates up to 18.85% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product to cover single measures, as well as whole house retrofits, offering unsecured financing rates that range from 5.88% to 7.88%.

Below is an active REEL loan comparison compared to a standard loan product offered by California Coast Credit Union. The loan amount was for \$25,000 and has a term of sixty months. The borrower is able to enjoy lower monthly payments as well as saving \$2,844.39 in interest over the course of the loan.

Loan	Interest Rate (%)	Monthly PMT	Total Interest Paid	Total Interest Saved
REEL Loan Summary	5.88%	\$ 481.93	\$ 3,915.58	\$ 2,844.39
Standard Loan Summary	9.85%	\$ 529.33	\$ 6,759.97	

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Matadors Community Credit Union

Matadors Community Credit Union is a statewide credit union offering financial products to pay for eligible energy efficiency to qualified single-family residential customers throughout California.

Matadors – Rate (Personal Loan compared to REEL Loan)				
Borrower FICO	Signature Loan Rate (1yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
740+	9.90%	5.99%	6.99%	7.99%
690-739	10.90%	5.99%	6.99%	7.99%
660-689	12.40%	5.99%	6.99%	7.99%
640-659	Not Offered	5.99%	6.99%	7.99%
Matadors – Term & Loan Amount (Personal Loan compared to REEL Loan)				
Term (Years)	Personal Loan Amount	REEL Loan Amount		
1	\$500 - \$5,000	\$2,500 - \$50,000		
2 - 5	Not Offered	\$2,500 - \$50,000		
6 - 10	Not Offered	\$2,500 - \$50,000		
11 - 15	Not Offered	\$2,500 - \$50,000		

Matadors did not previously offer single measure energy efficiency home improvement loans, and a member seeking this type of financing would have applied for a “Personal Loan” through the credit union at a rate of 9.90% for higher FICO borrowers and at rates up to 12.40% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product to cover single measures, as well as whole house retrofits, offering unsecured financing rates that range from 5.99% to 7.99%.

The lower interest rates and longer repayment terms will result in lower monthly payments and savings for credit-challenged borrowers.

Below, is an example of a loan that a borrower currently has with Matadors. The individual who needs to take a personal loan of \$15,000 for a replacement would be charged at least 9.90% for a loan that has to be repaid in one (1) year with a monthly payment of \$1,318.04. That same borrower, with the REEL product option, will pay only 5.99% and has up to five (5) years to repay the loan with a monthly payment of \$293.42.

Loan	Term (Months)	Interest Rate (%)	Monthly PMT
REEL Loan Summary	60	6.49%	\$ 293.42
Standard Loan Summary	12	9.90%	\$ 1,318.04

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Regional Lenders

Valley Oak Credit Union

Valley Oak Credit Union is a regional credit union offering financial products and services in California’s Central Valley, a region dominated by low-to-moderate income households according to the California Department of Housing and Community Development. Valley Oak serves borrowers in Fresno, Kings, Madera, and Tulare counties and is eager to offer energy efficiency financing to its members in order to help them to reduce their energy consumption, improve their homes, and ultimately lower their cost of living expenses.



While Valley Oak did not previously offer an energy efficiency home improvement loan, a member seeking this type of financing would have applied for a “Personal Loan” through the credit union at a rate of 8.95% for high FICO borrowers and at rates up to 15.95% for those with a lower FICO. With the availability of the CE, they have been able to develop a loan product offering rates that were reduced from 8.95% - 15.95% to 6.77% - 9.27%.

Valley Oak – Rate (Personal Loan compared to REEL Loan)				
Borrower FICO	Personal Loan Rate (5yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
730+	8.95%	6.77%	6.77%	6.77%
680-729	9.95%	7.27%	7.27%	7.27%
640-679	11.95%	7.77%	7.77%	7.77%
600-639	13.95%	8.27%	8.27%	8.27%
580-599	15.95%	9.27%	9.27%	9.27%

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Valley Oak – Term & Loan Amount (Personal Loan compared to REEL Loan)		
Term (Years)	Personal Loan Amount	REEL Loan Amount
1 – 5	\$2,500 - \$20,000	\$1,500 - \$50,000
6 – 10	Not Offered	\$10,000 - \$50,000
11 – 15	Not Offered	\$25,000 - \$50,000

The lower interest rates will result in significant customer savings for credit-challenged borrowers. For example:

- A Valley Oak customer with a FICO score of 580, taking out an \$8,000 7-year loan, would save \$2,203.41 in interest over the life of the loan.
- A Valley Oak customer with a FICO score of 600, taking out a \$20,000 12-year loan, would save \$8,668.91 in interest over the life of the loan.

Below, is an example of a loan that a borrower currently has with Valley Oak. The individual who needs to take a personal loan of \$14,368 would be charged at least 8.95% for that loan and have up to five (5) year to repay with a monthly payment of \$304.92. That same borrower, using the REEL product option, will pay only 7.10% and has up to ten (10) years to repay the loan with a monthly payment of \$167.57.

Loan	Term (Months)	Interest Rate (%)	Monthly PMT
REEL Loan Summary	120	7.10	\$ 167.57
Standard Loan Summary	60	9.95	\$ 304.92

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Desert Valleys Federal Credit Union

Desert Valleys Federal Credit Union is a regional credit union offering financial products and services in California's eastern deserts, a region dominated by low-to-moderate income households according to the CA Department of Housing and Community Development. Desert Valleys serves borrowers in parts of Inyo, Kern and San Bernardino counties and is eager to offer energy efficiency financing to its members in order to help them to reduce their energy consumption, improve their homes, and ultimately lower their cost of living expenses.



While Desert Valleys does offer an energy loan called “Alternative Energy Loan”, it is only for solar projects. A member seeking an energy efficiency home improvement loan (5-year term) would have applied for a “Signature Loan” through the credit union at a rate of 10.99% for high FICO borrowers and at rates up to 18.00% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product offering rates that range from 4.50% to 8.50%.

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Desert Valleys – Rate (Signature Loan compared to REEL Loan)				
Borrower FICO	Signature Loan Rate (5yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
700+	10.99%	4.50%	5.50%	6.50%
640-679	12.99%	5.50%	6.50%	7.50%
600-639	15.99%	6.50%	7.50%	8.50%
580-599	18.00%	7.50%	8.50%	Not Available
Desert Valleys – Term & Loan Amount (Signature Loan compared to REEL Loan)				
Term (Years)	Signature Loan Amount	REEL Loan Amount		
1 – 5	\$2,500 - \$15,000	\$2,500 - \$50,000		
6 - 10	Not Offered	\$10,000 - \$50,000		
11 - 15	Not Offered	\$25,000 - \$50,000		

The lower interest rates and longer repayment terms will result in lower monthly payments and savings for credit-challenged borrowers. For example, a Desert Valleys member who needs to take a personal loan of \$5,000 for an emergency HVAC replacement would be charged at between 10.99% - 18.00% for a loan that has to be repaid in five (5) years. That same borrower, with the REEL product option, will pay between 4.50% - 8.50% and has up to 10 years to repay the loan and up to 15 years if their FICO is 600 or higher.

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Spruce/Viewtech Financial Services

Spruce/Viewtech Financial Services initially anticipated offering their REEL product on a statewide basis through Retail Installment Contracts (RICs) offered to borrowers through the contractor. While Viewtech’s current rate on a non-REEL RIC ranges from 7.99% for borrowers with high FICO scores, up to 14.99% for those with lower FICO scores, the interest for the REEL product has been greatly reduced for those borrowers whose FICO scores fall into the lower end of the spectrum. Through the availability of the CE, Viewtech is able to offer a rate of either 7.99% or 8.99%.

Spruce/Viewtech – Rate (Non REEL compared to REEL Loan)		
Borrower FICO	Non REEL RIC Rate Range	REEL Loan or RIC Rate
780+	7.99%	7.99%
720-779	7.49 to 9.99%	7.99%
680-719	8.99 to 12.24%	7.99%
640-679	11.99 to 14.99%	8.99%
600-639	14.99%	8.99%
Spruce/Viewtech – Term & Amount		
Term (Years)	Minimum Loan Amount	Maximum Loan Amount
1 - 5	\$2,500	\$3,999
6 - 7	\$4,000	\$6,499
8 - 12	\$6,500	\$30,000

The lower interest rates would result in customer savings for borrowers with FICO scores lower than 720, as shown here. For example:

- A Viewtech customer with a FICO score of 600, taking out a \$20,000 12-year loan, would save \$10,448 in interest over the life of the loan.
- A Viewtech customer with a FICO score of 680, taking out a \$15,000 12-year loan, would save \$5,315 in interest over the life of the loan.

The Viewtech/Kilowatt Financials roll-out of the REEL product is currently on hold due to continued priorities in managing their merger with Clean Power Finance, rebranded as Spruce. CAATFA staff will work with Spruce/Viewtech when they are able to move forward with a product.

Reporting Components Required by D.13-09-044

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Summary of Accounts

The tables below satisfy the data points required by D.13-09-044 to be submitted as part of this Quarterly Report. The tables below provide a summary of all active CHEEF accounts currently serviced by the Trustee. The table(s) provide the account name and the beginning and ending monthly balance of each account.

Monthly Summary of IOU Holding Account(s)

<u>Southern California Gas Holding Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2015</u>		
June	\$ 0.00	\$ 250,000.00
July	\$ 250,000.00	\$ 250,000.27
August	\$ 250,000.27	\$ 250,004.52
September	\$ 250,004.52	\$ 250,008.77
October	\$ 250,008.77	\$ 250,012.88
November	\$ 250,012.88	\$ 250,017.13
December	\$ 250,017.13	\$ 250,021.24
<u>2016</u>		
January	\$ 250,021.24	\$ 250,025.49
February	\$ 250,025.49	\$ 250,045.03
March	\$ 250,045.03	\$ 250,064.84
April	\$ 250,064.84	\$ 250,086.02
May	\$ 250,086.02	\$ 150,106.52
June	\$ 150,106.52	\$ 127.43
July	\$ 127.43	\$ 147.93
August	\$ 147.93	\$ 169.11
September	\$ 169.11	\$ 190.29
October	\$ 190.29	\$ 210.80
November	\$ 210.80	\$ 231.99
December	\$ 231.99	\$ 252.50
<u>2017</u>		
January	\$ 252.50	\$ 273.69
February	\$ 273.69	\$ 304.89
March	\$ 304.89	\$ 333.69
April	\$ 333.69	\$ 365.58
May	\$ 365.58	\$ 406.05

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June	\$	406.05	\$	448.59
July	\$	448.59	\$	489.76
August	\$	489.76	\$	532.29
September	\$	532.29	\$	574.78

<u>Pacific Gas & Electric Holding Account Monthly Balance</u>				
		<u>Beginning Monthly Balance</u>		<u>Ending Monthly Balance</u>
<u>2015</u>				
June	\$	-	\$	0.01
July	\$	0.01	\$	250,000.01
August	\$	250,000.01	\$	250,003.98
September	\$	250,003.98	\$	250,008.23
October	\$	250,008.23	\$	250,012.34
November	\$	250,012.34	\$	250,016.59
December	\$	250,016.59	\$	250,020.70
<u>2016</u>				
January	\$	250,020.70	\$	250,024.95
February	\$	250,024.95	\$	250,044.49
March	\$	250,044.49	\$	250,064.30
April	\$	250,064.30	\$	250,085.48
May	\$	150,105.98	\$	150,105.98
June	\$	150,105.98	\$	126.89
July	\$	126.89	\$	147.39
August	\$	147.39	\$	168.57
September	\$	168.57	\$	189.75
October	\$	189.75	\$	210.26
November	\$	210.26	\$	231.45
December	\$	231.45	\$	251.96
<u>2017</u>				
January	\$	251.96	\$	273.15
February	\$	273.15	\$	304.34
March	\$	304.34	\$	333.14
April	\$	333.14	\$	365.03
May	\$	365.03	\$	405.50
June	\$	405.50	\$	448.04

Reporting Components Required by D.13-09-044

July 1, 2017 - September 30, 2017

July	\$ 448.04	\$ 489.19
August	\$ 489.19	\$ 531.68
September	\$ 531.68	\$ 536.57

San Diego Gas & Electric Holding Account Monthly Balance		
	Beginning Monthly Balance	Ending Monthly Balance
<u>2015</u>		
August	\$ -	\$ 250,000.00
September	\$ 250,000.00	\$ 250,001.64
October	\$ 250,001.64	\$ 250,005.75
November	\$ 250,005.75	\$ 250,010.00
December	\$ 250,010.00	\$ 250,014.11
<u>2016</u>		
January	\$ 250,014.11	\$ 250,018.36
February	\$ 250,018.36	\$ 250,037.90
March	\$ 250,037.90	\$ 250,057.71
April	\$ 250,057.71	\$ 250,078.89
May	\$ 250,078.89	\$ 150,099.39
June	\$ 150,099.39	\$ 120.30
July	\$ 120.30	\$ 140.80
August	\$ 140.80	\$ 161.98
September	\$ 161.98	\$ 183.16
October	\$ 183.16	\$ 203.66
November	\$ 203.66	\$ 224.85
December	\$ 224.85	\$ 245.36
<u>2017</u>		
January	\$ 245.36	\$ 266.55
February	\$ 266.55	\$ 297.74
March	\$ 297.74	\$ 326.54
April	\$ 326.54	\$ 358.43
May	\$ 358.43	\$ 398.86
June	\$ 398.86	\$ 441.40
July	\$ 441.40	\$ 482.56
August	\$ 482.56	\$ 525.11
September	\$ 525.11	\$ 567.67

Reporting Components Required by D.13-09-044

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<u>Southern California Edison Holding Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2015</u>		
August	\$ -	\$ 250,000.00
September	\$ 250,000.00	\$ 250,003.42
October	\$ 250,003.42	\$ 250,007.53
November	\$ 250,007.53	\$ 250,011.78
December	\$ 250,011.78	\$ 250,015.89
<u>2016</u>		
January	\$ 250,015.89	\$ 250,020.14
February	\$ 250,020.14	\$ 250,039.68
March	\$ 250,039.68	\$ 250,059.49
April	\$ 250,059.49	\$ 250,080.67
May	\$ 250,080.67	\$ 150,101.17
June	\$ 150,101.17	\$ 122.08
July	\$ 122.08	\$ 142.58
August	\$ 142.58	\$ 163.78
September	\$ 163.76	\$ 184.94
October	\$ 184.94	\$ 205.45
November	\$ 205.45	\$ 226.64
December	\$ 226.64	\$ 247.15
<u>2017</u>		
January	\$ 247.15	\$ 268.34
February	\$ 268.34	\$ 299.53
March	\$ 299.53	\$ 328.33
April	\$ 328.33	\$ 360.22
May	\$ 360.22	\$ 400.66
June	\$ 400.66	\$ 443.19
July	\$ 443.19	\$ 484.36
August	\$ 484.36	\$ 526.88
September	\$ 526.88	\$ 569.42

Reporting Components Required by D.13-09-044

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Monthly Summary of IOU REEL Program Accounts

<u>Southern California Gas REEL Program Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 249,399.40
August	\$ 249,399.40	\$ 249,399.40
September	\$ 249,399.40	\$ 249,399.40
October	\$ 249,399.40	\$ 248,659.83
November	\$ 248,659.83	\$ 248,437.22
December	\$ 248,437.22	\$ 248,437.22
<u>2017</u>		
January	\$ 248,437.22	\$ 246,620.70
February	\$ 246,620.70	\$ 246,620.70
March	\$ 246,620.70	\$ 246,186.34
April	\$ 246,186.34	\$ 245,014.84
May	\$ 245,014.84	\$ 245,014.84
June	\$ 245,014.84	\$ 242,757.88
July	\$ 242,757.88	\$ 242,656.53
August	\$ 242,656.53	\$ 236,868.93
September	\$ 236,868.93	\$ 236,868.93

<u>Pacific Gas & Electric REEL Program Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 250,000.00
August	\$ 250,000.00	\$ 250,000.00
September	\$ 250,000.00	\$ 250,000.00
October	\$ 250,000.00	\$ 250,000.00
November	\$ 250,000.00	\$ 250,000.00
December	\$ 250,000.00	\$ 250,000.00
<u>2017</u>		

Reporting Components Required by D.13-09-044

July 1, 2017 - September 30, 2017

January	\$ 250,000.00	\$ 250,000.00
February	\$ 250,000.00	\$ 250,000.00
March	\$ 250,000.00	\$ 249,186.77
April	\$ 249,186.77	\$ 249,186.77
May	\$ 249,186.77	\$ 246,186.77
June	\$ 246,186.77	\$ 233,206.42
July	\$ 233,206.42	\$ 224,008.22
August	\$ 224,008.22	\$ 217,559.13
September	\$ 217,559.13	\$ 197,932.64

San Diego Gas & Electric REEL Program Account Monthly Balance

	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 250,000.00
August	\$ 250,000.00	\$ 250,000.00
September	\$ 250,000.00	\$ 250,000.00
October	\$ 250,000.00	\$ 250,000.00
November	\$ 250,000.00	\$ 250,000.00
December	\$ 250,000.00	\$ 250,000.00
<u>2017</u>		
January	\$ 250,000.00	\$ 250,000.00
February	\$ 250,000.00	\$ 247,520.27
March	\$ 247,520.27	\$ 247,520.27
April	\$ 247,520.27	\$ 244,825.27
May	\$ 244,825.27	\$ 239,579.70
June	\$ 239,579.70	\$ 236,631.37
July	\$ 236,631.37	\$ 229,776.68
August	\$ 229,776.68	\$ 224,047.92
September	\$ 224,047.92	\$ 209,738.24

Reporting Components Required by D.13-09-044

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<u>Southern California Edison REEL Program Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 248,424.25
August	\$ 248,424.25	\$ 248,424.25
September	\$ 248,424.25	\$ 247,501.90
October	\$ 247,501.90	\$ 245,241.47
November	\$ 245,241.47	\$ 244,131.10
December	\$ 244,131.10	\$ 244,131.10
<u>2017</u>		
January	\$ 244,131.10	\$ 240,667.84
February	\$ 240,667.84	\$ 240,667.84
March	\$ 240,667.84	\$ 237,994.26
April	\$ 237,994.26	\$ 233,665.76
May	\$ 233,665.76	\$ 233,665.76
June	\$ 233,665.76	\$ 231,000.55
July	\$ 231,000.55	\$ 229,818.97
August	\$ 229,818.97	\$ 228,828.00
September	\$ 228,828.00	\$ 214,634.87

Monthly Summary of IOU REEL Reservation Accounts

<u>Southern California Edison REEL Reservation Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>	-	-
June	\$ -	\$ 1,510.21
July	\$ 1,510.21	\$ 838.55
August	\$ 838.55	\$ 838.55
September	\$ 838.55	\$ 838.55

Reporting Components Required by D.13-09-044

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<u>Southern California Gas REEL Reservation Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>	-	-
June	\$ -	\$ 2,256.96
July	\$ 2,256.96	\$ 1,257.83
August	\$ 1,257.83	\$ 1,257.83
September	\$ 1,257.83	\$ 1,257.83

Monthly Summary of IOU Loan Loss Reserve Accounts organized by Lender

California Coast Credit Union

<u>California Coast Credit Union Southern California Gas Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
January	\$ -	\$ 1,816.52
February	\$ 1,816.52	\$ 1,816.52
March	\$ 1,816.52	\$ 2,250.88
April	\$ 2,250.88	\$ 2,250.88
May	\$ 2,250.88	\$ 2,250.88
June	\$ 2,250.88	\$ 2,250.88
July	\$ 2,250.88	\$ 2,352.23
August	\$ 2,352.23	\$ 8,139.83
September	\$ 8,139.83	\$ 8,139.83

<u>California Coast Credit Union Pacific Gas & Electric Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
March	\$ -	\$ 813.23
April	\$ 813.23	\$ 813.23
May	\$ 813.23	\$ 3,813.23

Reporting Components Required by D.13-09-044

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June	\$ 3,813.23	\$ 16,793.58
July	\$ 16,793.58	\$ 25,991.78
August	\$ 25,991.78	\$ 32,440.87
September	\$ 32,440.87	\$ 51,228.41

California Coast Credit Union San Diego Gas & Electric Loan Loss Reserve Account Monthly Balance

	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
2017		
February	\$ -	\$ 2,479.73
March	\$ 2,479.73	\$ 2,479.73
April	\$ 2,479.73	\$ 2,479.73
May	\$ 2,479.73	\$ 7,725.30
June	\$ 7,725.30	\$ 10,673.63
July	\$ 10,673.63	\$ 17,528.32
August	\$ 17,528.32	\$ 23,257.08
September	\$ 23,257.08	\$ 36,780.70

California Coast Credit Union Southern California Edison Loan Loss Reserve Account Monthly Balance

	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
2017		
January	\$ -	\$ 3,463.26
February	\$ 3,463.26	\$ 3,463.26
March	\$ 3,463.26	\$ 6,136.84
April	\$ 6,136.84	\$ 6,136.84
May	\$ 6,136.84	\$ 6,136.84
June	\$ 6,136.84	\$ 6,136.84
July	\$ 6,136.84	\$ 7,318.42
August	\$ 7,318.42	\$ 8,309.39
September	\$ 8,309.39	\$ 16,562.94

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Matadors Credit Union

Matadors Southern California Gas Loan Loss Reserve Account Monthly Balance		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
July	\$ -	\$ 600.60
August	\$ 600.60	\$ 600.60
September	\$ 600.60	\$ 600.60
October	\$ 600.60	\$ 1,340.17
November	\$ 1,340.17	\$ 1,340.17
December	\$ 1,340.17	\$ 1,340.17
<u>2017</u>		
January	\$ 1,340.17	\$ 1,340.17
February	\$ 1,340.17	\$ 1,340.17
March	\$ 1,340.17	\$ 1,340.17
April	\$ 1,340.17	\$ 2,511.67
May	\$ 2,511.67	\$ 2,511.67
June	\$ 2,511.67	\$ 2,511.67
July	\$ 2,511.67	\$ 3,510.80
August	\$ 3,510.80	\$ 3,510.80
September	\$ 3,510.80	\$ 3,510.80

Matadors Southern California Edison Loan Loss Reserve Account Monthly Balance		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
July	\$ -	\$ 1,575.75
August	\$ 1,575.75	\$ 1,575.75
September	\$ 1,575.75	\$ 2,498.10
October	\$ 2,498.10	\$ 4,758.53
November	\$ 4,758.53	\$ 4,758.53
December	\$ 4,758.53	\$ 4,758.53
<u>2017</u>		
January	\$ 4,758.53	\$ 4,758.53
February	\$ 4,758.53	\$ 4,758.53
March	\$ 4,758.53	\$ 4,758.53
April	\$ 4,758.53	\$ 9,087.03

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May	\$	9,087.03	\$	9,087.03
June	\$	9,087.03	\$	9,087.03
July	\$	9,087.03	\$	9,758.69
August	\$	9,758.69	\$	9,758.69
September	\$	9,758.69	\$	11,444.66

Matadors San Diego Gas and Electric Loan Loss Reserve Account Monthly Balance				
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>		
<u>2017</u>				
April	\$	-	\$	2,695.00
May	\$	2,695.00	\$	2,695.00
June	\$	2,695.00	\$	2,695.00
July	\$	2,695.00	\$	2,695.00
August	\$	2,695.00	\$	2,695.00
September	\$	2,695.00	\$	3,481.06

Valley Oak Credit Union

Valley Oak Southern California Gas Loan Loss Reserve Account Monthly Balance				
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>		
<u>2016</u>				
November	\$	-	\$	222.61
December	\$	222.61	\$	222.61
<u>2017</u>				
January	\$	222.61	\$	222.61
February	\$	222.61	\$	222.61
March	\$	222.61	\$	222.61
April	\$	222.61	\$	222.61
May	\$	222.61	\$	222.61
June	\$	222.61	\$	222.61
July	\$	222.61	\$	222.61
August	\$	222.61	\$	222.61
September	\$	222.61	\$	222.61

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<u>Valley Oak Southern California Edison Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
November	\$ -	\$ 1,110.37
December	\$ 1,110.37	\$ 1,110.37
<u>2017</u>		
January	\$ 1,110.37	\$ 1,110.37
February	\$ 1,110.37	\$ 1,110.37
March	\$ 1,110.37	\$ 1,110.37
April	\$ 1,110.37	\$ 1,110.37
May	\$ 1,110.37	\$ 1,110.37
June	\$ 1,110.37	\$ 2,265.37
July	\$ 2,265.37	\$ 2,265.37
August	\$ 2,265.37	\$ 2,265.37
September	\$ 2,265.37	\$ 5,070.37

Desert Valleys Credit Union

<u>Desert Valleys Pacific Gas & Electric Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
September	\$ 0.00	\$ 876.60

<u>Desert Valleys Southern California Edison Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
September	\$ 0.00	\$ 1,448.61