

PUC DOCKET NO. _____

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF
SOUTHWESTERN ELECTRIC POWER COMPANY
TO ADJUST
ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

DIRECT TESTIMONY OF
PAUL E. PRATT
FOR
SOUTHWESTERN ELECTRIC POWER COMPANY

APRIL 29, 2011

TESTIMONY INDEX

<u>SUBJECT</u>	<u>PAGE</u>
I. INTRODUCTION	3
II. PURPOSE OF TESTIMONY	4
III. ENERGY EFFICIENCY REQUIREMENTS AND OBJECTIVES.....	5
A. Statutory Requirements.....	5
B. Annual Demand Reduction Goal	7
C. Annual Energy Savings Goal	8
D. Programs to Achieve Objectives.....	9
IV. ENERGY EFFICIENCY PROGRAM COSTS	10
A. 2010.....	10
B. 2012.....	11
V. ENERGY EFFICIENCY PROGRAMS	12
A. 2010 Programs	12
B. 2012 Programs	19
VI. CONCLUSION	20

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3 A. My name is Paul E. Pratt. I am an Energy Efficiency and Consumer Programs
4 Coordinator for Southwestern Electric Power Company (SWEPCO or Company). My
5 business address is 428 Travis Street, Shreveport, Louisiana 71101.

6 Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

7 A. I received a Bachelor of Science degree from Louisiana State University-Shreveport
8 in 1997. In addition, I received a Masters in Business Administration from Louisiana
9 Tech University in 2002. I began my employment at SWEPCO in October 2006 as an
10 Energy Efficiency and Consumer Programs Coordinator, and have remained in that
11 position to date. In this position, I am responsible for implementing and
12 administering energy efficiency programs in compliance with Public Utility
13 Commission of Texas (PUC or Commission) rules for such programs.

14 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE ANY REGULATORY
15 AGENCY?

16 A. Yes, I have previously filed testimony before the PUC in Docket No. 38210,
17 Application of Southwestern Electric Power Company for an Energy Efficiency Cost
18 Recovery Factor (EECRF) and Related Relief.

19 Q. DO YOU SPONSOR ANY OF THE SCHEDULES ACCOMPANYING SWEPCO'S
20 FILING?

21 A. Yes, I sponsor Schedules E through H. In addition, I cosponsor Schedule A with
22 SWEPCO witness Lana L. Deville.

1 II. PURPOSE OF TESTIMONY

2 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

3 A. The purpose of my direct testimony is to present information supporting SWEPCO's
4 request to adjust its Energy Efficiency Cost Recovery Factor (EECRF) for 2012.
5 SWEPCO's current EECRF was authorized in Docket No. 38210 to recover
6 \$5,508,542 in projected energy efficiency costs for its 2011 energy efficiency program
7 portfolio, to return an over-recovery of energy efficiency revenues to customers, and
8 to collect the performance bonus that SWEPCO earned in 2009. As Ms. Deville
9 discusses in her direct testimony, SWEPCO seeks an adjustment to decrease the
10 EECRF by \$260,674 in 2012 to reflect: (1) recovery of \$4,631,288 in projected
11 energy efficiency costs for SWEPCO's 2012 programs; (2) return to customers of
12 \$239,829 for over-recovery of energy efficiency revenues for its 2010 energy
13 efficiency programs that were collected through SWEPCO's EECRF in 2010; and (3)
14 recovery of \$856,409 representing SWEPCO's performance bonus for achieving
15 demand savings that exceeded the goal to be achieved in 2010.

16 In my direct testimony, I first outline the demand reduction goals established
17 by PURA §39.905. I then present the actual energy efficiency expenditures incurred
18 by SWEPCO to achieve savings through its 2010 programs. I also present
19 SWEPCO's projected budget necessary to achieve its energy efficiency objectives for
20 2012. I describe the programs SWEPCO implemented during 2010 and the programs
21 SWEPCO plans to implement to achieve its objectives for 2012.

1 III. ENERGY EFFICIENCY REQUIREMENTS AND OBJECTIVES

2 A. Statutory Requirements

3 Q. PLEASE DESCRIBE THE BASIC REQUIREMENTS OF PURA §39.905 AS
4 RELEVANT TO YOUR TESTIMONY.

5 A. As discussed by Ms. Deville in her testimony, the requirements of PURA §39.905
6 relevant to my testimony are:

- 7 • A utility must administer energy efficiency programs.
- 8 • A utility must provide incentives adequate for the purpose of acquiring cost-
9 effective energy efficiency equivalent to at least 20% of the electric utility's
10 annual growth in demand of residential and commercial customers by December
11 31, 2009.
- 12 • A utility must provide incentives through market-based standard offer programs
13 (SOPs) or limited, targeted market transformation programs (MTPs).
- 14 • A utility must provide incentives in such a manner that competitive energy
15 efficiency service providers (EESPs) install the measures that produce the
16 required gains in energy efficiency necessary to meet the utility's mandated annual
17 goal.

18 Q. HOW DOES SWEPCO IMPLEMENT THESE REQUIREMENTS?

19 A. SWEPCO offers cost-effective energy efficiency programs to third-party EESPs who
20 in turn market their services to end-use customers. In order to do so, SWEPCO
21 develops and administers programs that offer adequate incentives to encourage these
22 EESPs to participate as project sponsors of energy efficiency measures. The project
23 sponsors then supply and install the measures at homes or businesses that produce the
24 energy efficiency savings that SWEPCO needs to satisfy its energy efficiency
25 objectives. The Commission's energy efficiency rule allows commercial customers
26 with a load of 50 kW or greater to act as a project sponsor of energy efficiency
27 measures they install for themselves. Energy efficiency savings may be in the form of

1 reduction in peak demand (kW), energy usage (kWh), or both. Incentives are paid to
2 the project sponsors for peak demand and energy savings resulting from the energy
3 efficiency measures installed. The energy efficiency objectives and goals are
4 established annually, so that each year SWEPCO must procure the necessary demand
5 reduction and energy savings from participating project sponsors to meet SWEPCO's
6 objectives for that respective year.

7 Q. PLEASE DEFINE THE TERM STANDARD OFFER PROGRAM OR SOP.

8 A. An SOP is a program pursuant to which a utility administers standard offer contracts
9 between the utility and EESPs. The contract between the EESP and the utility
10 specifies the standard payments based upon the amount of energy and peak demand
11 savings achieved through energy efficiency measures, measurement and verification
12 (M&V) protocols, and other terms and conditions that are standard.

13 Q. PLEASE DEFINE THE TERM MARKET TRANSFORMATION PROGRAM OR
14 MTP.

15 A. An MTP is a strategic program intended to induce lasting structural or behavioral
16 changes in the market that result in increased adoption of energy efficiency
17 technologies, services, and practices.

18 Q. HAS THE COMMISSION ADOPTED RULES TO IMPLEMENT PURA §39.905?

19 A. Yes, PUC SUBST. R 25.181 has been adopted to implement PURA §39.905.

1 Q. WHAT ARE SOME OF THE KEY COMPONENTS OF SUBST. R. 25.181?

2 A. Some of the key components of SUBST. R. 25.181 are:

- 3 • Each utility must provide incentives adequate for the purpose of acquiring cost-
4 effective energy efficiency equivalent to at least 20% of the utility's growth in
5 demand for its 2010 and 2011 program years.
- 6 • An electric utility must administer energy efficiency programs to achieve at least a
7 25% reduction of the utility's annual growth in demand of residential and commercial
8 customers for the 2012 program year.
- 9 • Beginning in 2009 a utility's demand reduction goal in megawatts for any year must
10 not be less than the previous year's goal.
- 11 • Each utility must administer energy efficiency programs and establish standard
12 incentive payments to achieve its energy efficiency objectives.
- 13 • In order for each utility to achieve these higher goals, SUBST. R. 25.181 allows a
14 utility to establish an EECRF.
- 15 • SUBST. R. 25.181(h) allows a utility exceeding the minimum goal to earn a
16 performance bonus.
- 17 • A utility may use up to 15% of its total program costs for administration of its energy
18 efficiency programs.
- 19 • A utility may use up to 10% of total program costs to perform necessary energy
20 efficiency research and development (R&D) to foster continuous improvement and
21 innovation in the application of energy efficiency technology, program design and
22 implementation.
- 23 • The cumulative cost of administration and R&D must not exceed 20% of a utility's
24 total program costs.

25 B. Annual Demand Reduction Goal

26 Q. PLEASE DESCRIBE HOW SWEPCO'S DEMAND REDUCTION GOAL IS
27 CALCULATED UNDER PUC SUBST. R. 25.181.

28 A. PUC SUBST. R. 25.181(e)(1)(A) requires that SWEPCO's demand reduction goal be
29 calculated based on a "rolling average" of the most recent five years' load growth in
30 demand preceding the year in which the goal is to be achieved. Load growth is based

1 on the growth in residential and commercial retail load in SWEPCO's service area
2 measured at the annual system peak. Each year's historical demand is adjusted for
3 weather fluctuations, using weather data for the most recent ten years. The average
4 growth rate is calculated based on the actual historical peak demand for the previous
5 five years. SWEPCO's demand reduction goal is then calculated by applying the
6 given percentage demand reduction goal to the calculated average growth in demand.

7 Q. WHAT IS SWEPCO'S DEMAND REDUCTION GOAL TO BE ACHIEVED IN
8 2012?

9 A. The demand reduction goal for SWEPCO to achieve in 2012 is 5.60 megawatts
10 (MW), based on SUBST. R. 25.181(e)(1)(B), which requires that a utility's demand
11 reduction goal in megawatts for any year shall not be less than the previous year's
12 goal. The 2012 demand reduction goal is set forth in Schedule E that I sponsor.
13 However, SWEPCO projects it will achieve 13.69 MW of demand reduction from the
14 programs it will implement in 2012 with the projected budget outlined within this
15 filing. As Ms. Deville explains in her testimony, SWEPCO interprets PURA
16 §39.905 and PUC SUBST. R. 25.181 as being intended to achieve as much cost-
17 effective energy efficiency as can reasonably be achieved under the limits set forth in
18 the statute and rule. In keeping with this interpretation, SWEPCO has established a
19 projected demand reduction objective of 13.69 MW for 2012.

20 C. Annual Energy Savings Goal

21 Q. HOW IS SWEPCO'S ENERGY SAVINGS GOAL CALCULATED UNDER PUC
22 SUBST. R. 25.181?

1 A. The minimum annual savings goal is calculated from the utility's demand goal, using
2 a 20% capacity factor, as set forth in PUC SUBST. R. 25.181(e)(2).

3 Q. WHAT IS SWEPCO'S ENERGY SAVINGS GOAL TO BE ACHIEVED IN 2012?

4 A. The energy savings goal for SWEPCO to achieve in 2012 is 9,811 megawatt-hours
5 (MWh) in energy savings. The 2012 energy savings objective is set forth in
6 Schedule E. However, SWEPCO projects to achieve as much as 20,310 MWh of
7 energy savings from the programs it will implement in 2012 with the projected budget
8 outlined in this filing. As I mentioned above and as Ms. Deville explains in her
9 testimony, SWEPCO interprets PURA §39.905 and revisions to PUC SUBST. R.
10 25.181 as being intended to encourage utilities to achieve as much cost-effective
11 energy efficiency as can reasonably be achieved under the limits set forth in the
12 statute and rule. In keeping with this, SWEPCO has projected its energy savings
13 objective of 20,310 MWh for 2012.

14

15 D. Programs to Achieve Objectives

16 Q. WILL SWEPCO OFFER PROGRAMS TO ACHIEVE THESE OBJECTIVES?

17 A. Yes, I discuss the programs that SWEPCO will offer in Section V of my testimony.
18 SWEPCO's energy efficiency program portfolio is designed to achieve both its
19 demand reduction and energy savings objectives for 2012.

20 Q. WILL RESIDENTIAL AND COMMERCIAL CUSTOMERS HAVE ACCESS TO
21 ENERGY EFFICIENCY PROGRAMS OFFERED BY SWEPCO TO ACHIEVE
22 THESE OBJECTIVES?

1 A. Yes, all customers in the residential and commercial customer segments will have
2 access to the energy efficiency programs offered by SWEPCO.

3 Q. DOES THE COMMISSION'S RULE CONTAIN PROVISIONS FOR
4 DETERMINING THE COST-EFFECTIVENESS OF ENERGY EFFICIENCY
5 PROGRAMS?

6 A. Yes, the rule has established specific criteria for a program to be determined cost-
7 effective. PUC SUBST. R. 25.181(d) outlines that a program is deemed to be cost-
8 effective if the cost of the program to the utility is less than or equal to the benefits of
9 the program. Costs include the cost of incentives, M&V, and actual or allocated
10 R&D and administrative costs. The benefits of the program consist of the value of the
11 demand reductions and energy savings, measured in accordance with the avoided
12 costs.

13

14 IV. ENERGY EFFICIENCY PROGRAM COSTS

15 A. 2010

16 Q. WHAT COSTS DID SWEPCO INCUR TO IMPLEMENT ITS 2010 ENERGY
17 EFFICIENCY PROGRAMS?

18 A. The costs incurred by SWEPCO to implement its 2010 energy efficiency programs
19 totaled \$4,282,043, as set forth in Schedule H.

20 Q. WAS THE AMOUNT ACTUALLY INCURRED FOR 2010 LESS THAN THE
21 AMOUNT COLLECTED PURSUANT TO THE 2010 EECRF ORDER?

1 A. Yes. In 2010, SWEPCO collected \$239,829 more than our energy efficiency program
2 costs.

3 Q. WERE SWEPCO'S COSTS LESS THAN THE BUDGETED AMOUNT FOR 2010?

4 A. Total funds expended for 2010 were \$4,282,043, an overall total energy efficiency
5 program expenditure of 3% less than the amount budgeted. The Commercial SOP
6 and Commercial Solutions MTP expenditures and savings were less than anticipated.
7 This was due to a poor economy and smaller projects. Actual customer participation
8 had increased since 2009; however, the sizes of the projects were smaller than
9 anticipated. Therefore, funds were moved to supplement the SCORESM and SMART
10 SourceSM programs and to start a new Outdoor LED Lighting program.

11 B. 2012

12 Q. WHAT ARE SWEPCO'S PLANS FOR 2012?

13 A. As shown in Schedule A, SWEPCO will implement 12 energy efficiency programs in
14 2012 with a total budget of \$4,631,288. These 12 programs are designed to allow
15 SWEPCO to acquire as much energy efficiency as it can reasonably achieve. Each
16 year SWEPCO reviews the programs and activities that have taken place to plan for
17 the upcoming year. SWEPCO has selected a program portfolio that will maximize its
18 energy efficiency results in 2012.

19 Q. HOW DID SWEPCO CALCULATE THE BUDGET TO ACHIEVE THE 2012
20 ENERGY EFFICIENCY OBJECTIVES?

21 A. SWEPCO calculated the budget to achieve the 2012 energy efficiency objectives in
22 the following manner. First, the objectives were split between customer segments

1 using customer counts, historical allocations, and previous program success. The
2 projected impacts were estimated based on historical results and previous years'
3 experience. For SOPs, the amount of the incentive budget required to produce the
4 projected impacts was estimated using the incentive levels for the program and the
5 load factor calculated from 2010 reported savings. For MTPs, historical program
6 results and previous experience were used in a similar manner.

7 Q. WHAT ARE THE TYPES OF ADMINISTRATIVE COSTS ASSOCIATED WITH
8 THE ENERGY EFFICIENCY PROGRAMS INCLUDED IN THE BUDGET FOR
9 THE 2012 PROGRAMS?

10 A. Administrative tasks include participating in workshop activities to explain the
11 programs to EESPs, conducting outreach for these programs, reviewing M&V plans
12 for projects that do not use deemed savings measures, and site inspections of installed
13 measures. Administrative duties also include development, review, and selection of
14 new or revised programs that may be considered for successful program
15 implementation. Costs associated with work activities regarding regulatory reports
16 and projects are also considered administrative costs.

17

18 V. ENERGY EFFICIENCY PROGRAMS

19 A. 2010 Programs

20 Q. WHAT PROGRAMS DID SWEPCO OFFER IN 2010 TO ACHIEVE ITS ENERGY
21 EFFICIENCY OBJECTIVES?

1 A. SWEPCO offered the following programs in 2010:

- 2 • Commercial Solutions Pilot MTP
- 3 • Commercial SOP
- 4 • CoolSaver© A/C Tune-up Pilot MTP
- 5 • Hard-to-Reach SOP
- 6 • Home\$avers
- 7 • LED Lighting Pilot MTP
- 8 • Load Management SOP
- 9 • Residential SOP
- 10 • SCORESM MTP
- 11 • SMART SourceSM Solar PV Pilot MTP
- 12 • SWEPCO CARE\$ Energy Efficiency Improvement Program for Not-for-Profit
- 13 Agencies

14 Q. PLEASE DESCRIBE THE COMMERCIAL SOLUTIONS PILOT MTP.

15 A. The Commercial Solutions Pilot MTP identifies a variety of commercial customers
16 having a high likelihood of needing energy efficiency improvements within their
17 facilities. These customers may have delayed making such improvements for a
18 number of reasons, including an inability to identify appropriate actions to take or a
19 lack of understanding of energy efficiency project funding. The Commercial
20 Solutions MTP provides education and information to such customers, and provides
21 monetary incentives to encourage them to take action to improve their facilities'
22 energy efficiency.

23 Q. PLEASE DESCRIBE THE COMMERCIAL SOP.

24 A. The Commercial SOP provides incentives for the retrofit installation of a wide range
25 of measures that reduce customer energy costs and peak demand and/or save energy

1 in non-residential facilities. Customer sites include hotels, schools, manufacturing
2 facilities, restaurants, and larger grocery stores. These customers install such eligible
3 measures as lighting retrofits, new or replacement chiller systems, high efficiency
4 pumping systems, and other similar technologies. Incentives are paid to project
5 sponsors on the basis of deemed savings. If deemed savings have not been
6 established for a particular qualifying energy efficiency measure, then incentives are
7 paid on the basis of verified peak demand and/or energy savings using the
8 International Performance M&V Protocol.

9 Q. PLEASE DESCRIBE THE CoolSaver© A/C TUNE-UP PILOT MTP.

10 A. The CoolSaver© MTP program is designed to overcome market barriers that prevent
11 residential and small business customers from receiving high performance air
12 conditioning system tune-ups. A third-party implementer is contracted to design,
13 implement, and market the CoolSaver© MTP as well as provide specialized training
14 to the A/C technicians. The implementer seeks interested contractors that will enter
15 into a contractor partnering agreement that specifies the program requirements.
16 Contractors are trained on the A/C tune-up process and are provided incentives and
17 discounts on the cost of field equipment designed to diagnose and quantify energy
18 savings opportunities. Participating customers receive coupons for use towards
19 efficiency services performed as a result of the program's tune-up analysis. Energy
20 savings are captured through the correction of A/C system inefficiencies identified
21 during the tune-up activities.

1 Q. PLEASE DESCRIBE THE HARD-TO-REACH SOP.

2 A. The Hard-to-Reach SOP targets a specific subset of residential customers defined by
3 PUC SUBST. R. 25.181(c)(16). The hard-to-reach customer has a total household
4 income that is less than 200% of federal poverty guidelines. The program provides
5 incentives for the installation of a wide range of measures that reduce residential
6 customer energy costs and reduce peak demand. It is designed to provide energy
7 efficiency improvements to individual households at no or very low cost. Incentives
8 are paid to project sponsors for eligible measures installed in retrofit applications on
9 the basis of deemed savings. Eligible measures include replacement air conditioners,
10 wall and ceiling insulation, and air distribution duct improvements.

11 Q. PLEASE DESCRIBE HOME\$SAVERS (LOW-INCOME WEATHERIZATION
12 PROGRAM).

13 A. SWEPCO agreed to establish a program for low-income customers as a part of the
14 Agreement and Stipulation in Docket No. 16995. Home\$Savers is a weatherization
15 program designed to install a variety of measures that will cost-effectively reduce
16 low-income customers' energy consumption and costs. The program targets low-
17 income residential customers with annual household incomes at or below 200% of
18 federal poverty guidelines. A whole-house audit is performed and results evaluated,
19 per Department of Energy guidelines.

20 Q. PLEASE DESCRIBE THE LED LIGHTING PILOT MTP.

21 A. The LED MTP facilitates energy efficiency and demand reduction through the
22 installation of qualified LED lighting projects for outdoor applications. SWEPCO

1 selected a third party to begin fully implementing the program in July of 2010. The
2 program implementer conducts marketing and outreach activities, provides customer
3 assistance with project identification and application completion, and verifies LED
4 product eligibility and project savings.

5 This program is designed to help educate customers about LED lighting
6 technology, create a network of trained service providers to support LED installations,
7 and provide assistance with calculating the financial impacts of LED projects.
8 Incentives are paid to customers that have completed an eligible installation using
9 qualified LED products. Incentives are based on verifiable demand and energy
10 savings.

11 Q. PLEASE DESCRIBE THE LOAD MANAGEMENT SOP.

12 A. The Load Management SOP targets commercial customers that have a minimum
13 demand of 500 kW or more. Incentives are paid to project sponsors that identify
14 interruptible load and provide curtailment of this electric load on short notice. These
15 payments are based on the delivery of metered demand reduction.

16 Q. PLEASE DESCRIBE THE RESIDENTIAL SOP.

17 A. The Residential SOP provides incentives for the installation of a wide range of
18 measures that reduce residential customer energy costs and reduce peak demand. It
19 also encourages private sector delivery of energy efficiency products and services.
20 Incentives are paid to project sponsors for eligible measures installed in retrofit
21 applications on the basis of deemed savings. Eligible measures include replacement
22 air conditioners, wall and ceiling insulation, and air distribution duct improvements.

1 Q. PLEASE DESCRIBE THE SCORESM MTP.

2 A. The Schools CONserving RESources MTP (SCORESM) provides energy efficiency and
3 demand reduction solutions for public schools. This program identifies actual
4 demand and energy savings opportunities, participant facility operating
5 characteristics, program design, long-range energy efficiency planning and overall
6 measure and program acceptance by the targeted schools. Incentives are paid to
7 public school participants served by SWEPCO for certain qualifying measures
8 installed in new or retrofit applications, which result in verifiable demand and energy
9 savings.

10 Q. PLEASE DESCRIBE THE SMART SOURCESM SOLAR PV PILOT MTP.

11 A. The Solar PV Pilot MTP is a pilot market transformation initiative implemented by
12 SWEPCO in late 2009. The program offers residential and commercial customers a
13 financial incentive for installations of solar electric (photovoltaic) systems
14 interconnected on the customer's side of the electric service meter. In addition to
15 demand and energy savings achieved from the installations, the program also aims to
16 transform the market by increasing the number of qualified companies offering
17 installation services and by decreasing the average installed cost of systems by
18 creating economies of scale.

19 Q. PLEASE DESCRIBE THE SWEPCO CARE\$ ENERGY EFFICIENCY
20 IMPROVEMENT PROGRAM FOR NOT-FOR-PROFIT AGENCIES.

21 A. The SWEPCO CARE\$ was implemented as the result of the Integrated Stipulation
22 and Agreement in Docket No. 19265 (the AEP/CSW merger docket). This program

1 targets a specific segment of commercial customers that are not-for-profit agencies
2 whose major purpose is to provide various services for the hard-to-reach customer
3 population. Proposals are submitted by the agencies for payment of the cost of
4 installing energy efficiency improvements in their administrative facilities. Contracts
5 are awarded to those agencies with proposals for the most comprehensive energy
6 efficiency projects. With lower electric bills, a larger share of agency funds is
7 available for the services that are provided to individuals within the hard-to-reach
8 segment.

9 Q. DID SWEPCO ACHIEVE ITS DEMAND REDUCTION GOAL IN 2010?

10 A. Yes, SWEPCO exceeded its demand reduction goal and its energy efficiency
11 objectives in 2010.

12 Q. PLEASE DESCRIBE SWEPCO'S DEMAND REDUCTION GOAL FOR 2010 AND
13 THE RESULTS THAT WERE ACHIEVED IN 2010.

14 A. SWEPCO's required demand reduction goal for 2010 was 5.6 MW. SWEPCO
15 achieved 14.75 MW of peak demand savings from its 2010 energy efficiency
16 programs, which was 263% of the demand reduction goal.

17 Q. WHAT ARE SOME HIGHLIGHTS OF SWEPCO'S 2010 ENERGY EFFICIENCY
18 RESULTS?

19 A. SWEPCO's 2010 program portfolio resulted in several highlights. The most notable
20 achievement was exceeding its minimum demand reduction goal of 5.6 MW by
21 263%. Several of its programs contributed to this successful achievement, most
22 notably: SWEPCO's Load Management SOP exceeded its projected demand

1 reduction by 3.6 MW, the SCORESM MTP exceeded its projected demand reduction
2 by 640 kW, the Residential SOP exceeded its projected demand reduction by 328 kW,
3 and the Hard-to-Reach SOP exceeded its projected demand reduction by 99 kW.

4 Q. PLEASE DESCRIBE THE AMOUNT OF DEMAND REDUCTION THAT
5 SWEPCO ACHIEVED FROM ITS HARD-TO-REACH PROGRAMS.

6 A. SWEPCO achieved 0.792 MW of demand reduction from its Hard-to-Reach SOP and
7 .245 MW from the Home\$avers program. The total from both hard-to-reach programs
8 was 1.04 MW in demand reduction.

9 Q. DID SWEPCO ACHIEVE MORE THAN 5% OF ITS DEMAND REDUCTION
10 FROM ITS HARD-TO-REACH PROGRAMS?

11 A. Yes, SWEPCO achieved 7% of its demand reduction from its hard-to-reach programs.

12 Q. DOES SWEPCO REQUEST A PERFORMANCE BONUS FOR HAVING
13 ACHIEVED A DEMAND REDUCTION THAT EXCEEDED ITS GOAL FOR
14 2010?

15 A. Yes, it does. Ms. Deville discusses the \$856,409 performance bonus requested by
16 SWEPCO for its 2010 results.

17 B. 2012 Programs

18 Q. WHAT PROGRAMS WILL SWEPCO OFFER IN 2012 TO ACHIEVE THE
19 ENERGY EFFICIENCY OBJECTIVES?

20 A. SWEPCO will offer the following programs in 2012:

- 21 • Commercial Solutions Pilot MTP
- 22 • Commercial SOP
- 23 • CoolSaver© A/C Tune-up Pilot MTP

- 1 • Hard-to-Reach SOP
- 2 • Home\$avers (Low-Income Weatherization Program)
- 3 • Load Management SOP
- 4 • On-Line Customer Energy Use Audit Tool
- 5 • Residential SOP
- 6 • SCORESM MTP
- 7 • Small Business Direct Install Pilot MTP
- 8 • SMART SourceSM Solar PV Pilot MTP
- 9 • SWEPCO CARE\$ Energy Efficiency Improvement Program for Not-for-Profit
- 10 Agencies

11 Q. WILL SWEPCO BE OFFERING ANY NEW PROGRAMS IN 2012?

12 A. No.

13 Q. WHAT IS THE PROPOSED BUDGET FOR EACH PROGRAM?

14 A. Schedule A details the proposed budget for each of SWEPCO's programs in 2012.

15 Q. WHAT ARE THE EXPECTED SAVINGS FROM EACH PROGRAM?

16 A. Schedule G contains the expected savings from each program in 2012.

17

18 VI. CONCLUSION

19 Q. DO YOUR CALCULATIONS OF SWEPCO'S GOALS AND THE PROJECTED
20 ENERGY EFFICIENCY COSTS TO BE INCURRED IN 2012 AND INCLUDED IN
21 THE EECRF COMPLY WITH THE COMMISSION RULES?

22 A. Yes, the minimum goals for SWEPCO to achieve in 2012 are a demand reduction of
23 5.6 MW and an energy savings of 9,811 MWh. These energy efficiency goals are
24 calculated in accordance with the Commission's rules. As discussed above and in Ms.
25 Deville's testimony, SWEPCO has followed the intention of PURA §39.905 and the

1 revisions to the Commission's rule that utilities be encouraged to achieve as much
2 energy efficiency savings as reasonably possible within the limitations in the statute
3 and the rule. Therefore, SWEPCO has established energy efficiency objectives for
4 2012 that exceed the minimum goals contained in the rule. SWEPCO projects that
5 \$4,631,288 is a reasonable estimate of the costs necessary to provide an adequate
6 portfolio of energy efficiency programs to meet SWEPCO's demand reduction
7 objectives for 2012 in furtherance of PURA §39.905 and PUC SUBST. R. 25.181.

8 Q. IS THE EXPENDED AMOUNT FOR 2010 CONSISTENT WITH THE
9 APPLICABLE COMMISSION RULE?

10 A. Yes, it is. The costs of \$4,282,043 incurred in connection with the 2010 energy
11 efficiency programs were reasonable and necessary to provide energy efficiency to
12 residential and commercial customers and were properly calculated.

13 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

14 A. Yes, it does.