

## SCHEDULE K

### Southwestern Electric Power Company Energy Efficiency Cost Recovery Factor

#### 2010 Goal Achievement and Performance Bonus Calculation

SWEPCO achieved 14,748 kW in demand savings and 18,477,937 kWh in energy savings from its portfolio of energy efficiency programs in 2010. The total present value of the avoided cost associated with these demand reductions and energy savings is \$12,903,151. SWEPCO's total program costs for 2010 calendar year were \$4,282,043. The resulting net benefits are \$8,621,108. SWEPCO's demand reduction goal (DRG) was 5,600 kW and its energy savings goal was 9,811,200 kWh. SWEPCO achieved 263.36% of its DRG and qualifies for a performance bonus as calculated under Substantive Rule 25.181(h)(3).

SWEPCO's calculated bonus is \$856,409, which is 20% of its total program costs. The following tables summarize SWEPCO's 2010 energy efficiency goal achievement and performance bonus calculation.

	kW (Demand)	kWh (Energy)
<b>2010 Goals</b>	5,600	9,811,200
<b>2010 Savings</b>		
<i>Reported/Verified Total</i>	14,748	18,477,937
<i>Reported/Verified HTR</i>	1,027	
<b>2010 Program Costs</b>	\$4,282,043	
<b>2010 Performance Bonus</b>	\$856,409	

#### Performance Bonus Calculation

263.36%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
188.34%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
\$12,903,151	Total Avoided Cost [Reported kW * PV (Avoided Capacity Cost) + Reported kWh * PV (Avoided Energy Cost), except for measure life other than 10 years for which PV (Avoided Capacity Cost) and PV (Avoided Energy Cost) are calculated using the specific measure lives]
\$4,282,043	Total Program Costs
\$8,621,108	Net Benefits (Total Avoided Cost – Total Expenses)

#### Bonus Calculation

\$7,041,593	Calculated Bonus [(Achieved Demand Reduction/Demand Goal - 100%) / 2 * Net Benefits]
\$856,409	Maximum Bonus Allowed (20% of Program Costs)
\$856,409	<i>Bonus (Minimum of Calculated Bonus and Bonus Limit)</i>

From SWEPCO's 2011 EEPR, Project No. 39105

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