
AEP Texas Central Company
2009 Energy Efficiency Plan and Report
Substantive Rule § 25.181 and § 25.183

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INTRODUCTION

AEP Texas Central Company (TCC) presents this Energy Efficiency Plan and Report (EEPR) to comply with Substantive Rules § 25.181 and § 25.183, (EE Rule) which are the sections of the Public Utility Commission of Texas (PUCT) Substantive Rules implementing Public Utility Regulatory Act (PURA) § 39.905. As mandated by this section of PURA, the EE Rule requires that each investor owned electric transmission and distribution utility (TDU) achieve the following demand reduction goals through market-based standard offer programs (SOPs) and limited, targeted, market transformation programs (MTPs):

- at least 15% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2008;
- at least 20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2009.

The EE Rule includes specific requirements related to the implementation of SOPs and MTPs that control the manner in which TDUs must administer their portfolio of energy efficiency programs in order to achieve their mandated annual demand reduction goals. TCC's plan enables it to meet its statutory goals through implementation of energy efficiency programs in a manner that complies with PURA § 39.905 and the EE Rule. This EEPR covers the periods of time as required in Substantive Rule § 25.181. The following section describes the information that is contained in each of the subsequent sections and appendices.

Energy Efficiency Plan and Report (EEPR) Organization

This EEPR consists of an Executive Summary, twelve sections, a list of acronyms, a glossary and four appendices.

- Executive Summary highlights TCC's achievements for program year 2008 and summarizes TCC's plans for achieving its goals and projected energy efficiency savings for program years 2009 and 2010.

Energy Efficiency Plan

- Section I describes TCC's program portfolio. It details how each program will be implemented, presents related informational and outreach activities, and provides an introduction to any programs not included in TCC's previous submitted plan.
- Section II explains TCC's targeted customer classes, describes the estimated size of each class and the method of determining those class sizes.

- Section III presents TCCø's projected energy and demand goals and savings for the prescribed planning period detailed by program for each customer class.
- Section IV describes TCCø's proposed energy efficiency budgets for the prescribed planning period detailed by program for each customer class.

Energy Efficiency Report

- Section V documents TCCø's demand reduction goal for each of the previous five years (2004-2008) based on its weather-adjusted peak demand.
- Section VI compares TCCø's projected energy and demand savings to its reported and verified savings by program for calendar years 2007 and 2008.
- Section VII details TCCø's incentive and administration expenditures for each of the previous five years (2004-2008) detailed by program for each customer class.
- Section VIII compares TCCø's actual 2008 expenditures with its 2008 budget by program for each customer class. It identifies funds committed but not expended and funds remaining and not committed. It also explains any cost deviations of more than 10% for TCCø's overall program budget.
- Section IX describes the results from TCCø's MTPs. It compares existing baselines and milestones with actual results, and details updates to those baselines and milestones.
- Section X documents TCCø's most recent Energy Efficiency Cost Recovery Factor (EECRF).
- Section XI documents TCCø's Underserved Counties.
- Section XII describes TCCø's Performance Bonus calculation for program year 2008.

Acronyms

- A list of abbreviations for common terms used within this document.

Glossary

- A list of definitions for common terms used within this document.

Appendices

- Appendix A ó Reported and Verified kW and kWh Savings detailed by county for each program.
- Appendix B ó Program templates for any new or modified programs and programs not included in TCCø's previous EEPR.
- Appendix C ó Description of TCCø's existing energy efficiency contracts and obligations.
- Appendix D - Provides data, explanations, or documents supporting other sections of the EEPR.

Executive Summary – Energy Efficiency Plan

TCC plans to achieve at least a 20% reduction in its annual growth in demand of residential and commercial customers by December 31, 2009, and at least a 20% reduction in its annual growth in demand of residential and commercial customers by December 31, 2010. TCC's Plan addresses achieving the corresponding calculated energy savings goal, which is derived from its demand savings goal each year using a 20% capacity factor [25.181(e)(2)]. The goals, budgets and implementation procedures that are included in this Plan are in concert with requirements of the EE Rule, using lessons learned from past experience and customer participation in the various historical energy efficiency programs. A summary of TCC's projected annual goals and budgets is presented in Table 1.

Table 1: Summary of Goals, Projected Savings (at the Meter) ¹ and Budgets

Calendar Year	Average Growth in Demand (MW)	Growth In Demand Reduction	Demand Goal (MW)	Energy Goal ² (MWh)	Projected Savings ³ (MW)	Projected Savings ^{2 3} (MWh)	Projected Budget (000's)
2009	64.66	20 %	12.93	22,657	33.09	84,984	\$15,156
2010	64.66	20 %	12.93	22,657	34.97	87,187	\$15,156

Executive Summary – Energy Efficiency Report

This Report demonstrates that in 2008 TCC cost-effectively implemented SOPs and MTPs as provided for by PURA § 39.905. TCC exceeded its demand reduction goal to be achieved by December 31, 2008 by procuring 13,067 kW of peak demand savings at a total cost of \$6,648,875. 2008 Programs included the Appliance Recycling Pilot Marketing Transformation Program, Commercial and Industrial SOP, Commercial Solutions Market Transformation Program, Energy Efficiency Improvement Program for Not-for Profit Agencies SOP, Hard-to-Reach SOP, Load Management SOP, Residential and Small Commercial SOP, Targeted Low-Income Energy Efficiency Program and the Texas Statewide ENERGY STAR[®] Residential Compact Fluorescent Lighting Marketing Transformation Program.

¹ Average Growth in Demand figures are from Table 4; Projected Savings from Table 5; Projected Budgets from Table 6. All kW/MW and kWh/MWh figures in this Table and throughout this EEPR are given at the Meter.

² Calculated using a 20% capacity factor.

³ Projected savings are based upon the portfolio of programs and budgets identified in Table 5 and 6.

TCC continues its best efforts to encourage and facilitate the involvement of Retail Electric Providers (REPs) and Energy Efficiency Service Providers (EESPs) in the delivery of its programs to customers. TCC utilizes local and regional conferences, trade shows and other events for outreach and information exchange with participating REPs and EESPs. TCC worked with AEP Texas Competitive Retailer Relations to present program information at its annual REP workshop in October 2008. TCC also provides new and existing energy efficiency program information to the REPs and EESPs throughout the year on a timely basis via electronic mail distribution and the AEPefficiency.com website.

ENERGY EFFICIENCY PLAN

I. 2009 Programs

A. 2009 Program Portfolio

TCC has implemented a variety of programs in 2009 to enable it to meet its goals in a manner that complies with PURA § 39.905 and the EE Rule. These programs target broad market segments and specific market sub-segments with significant opportunities for cost-effective energy savings. TCC also provides funding for new, innovative demand response programs.

Table 2 below summarizes TCC's planned programs and targeted customer class markets for 2009. The programs listed in Table 2 are described in further detail in Subsections B and C. TCC maintains a World Wide Web site containing all of the requirements for EESP participation, forms required for project submission, and currently available funding at www.AEPefficiency.com.

This site is the primary method of communication used to provide programs updates and information to potential REPs, EESPs and other interested parties.

Table 2: 2009 Energy Efficiency Program Portfolio

Program	Target Market	Application
AEP Texas CARE\$ Energy Efficiency for Not-for-Profit Agencies Standard Offer Program	Commercial	Retrofit; New Construction
Appliance Recycling Pilot Market Transformation Program	Residential	Retrofit
Commercial Solutions Pilot Market Transformation Program	Commercial	Retrofit; New Construction
Commercial Standard Offer Program	Commercial	Retrofit; New Construction
ENERGY STAR® New Homes Market Transformation Program	Residential	New Construction
Hard-to-Reach Standard Offer Program	Hard-to-Reach Residential	Retrofit
Load Management Standard Offer Program	Commercial	Retrofit
Residential Standard Offer Program	Residential	Retrofit
SCORE/CitySmart Market Transformation Program	Commercial	Retrofit; New Construction
Targeted Low-Income Energy Efficiency Program	Low-Income Residential	Retrofit
Texas Statewide ENERGY STAR® Residential Compact Fluorescent Lighting Market Transformation Program	Residential	Retrofit
New Programs for 2009		
Residential Energy Efficiency Pilot Market Transformation Program	Residential	Retrofit
Residential Demand Response Research & Development Pilot Market Transformation Program	Residential	Retrofit

B. Existing Programs

AEP Texas CARE\$ Energy Efficiency for Not-for-Profit Agencies Standard Offer Program (CARE\$ SOP)

Program design

This program targets commercial Not-for Profit (NFP) organizations that provide various services to Hard-to-Reach (HTR) customers in the TCC service territory. Incentives are paid to participating organizations for certain eligible energy efficiency improvements made to their administration facilities, which result in verified demand and energy savings. These improvements reduce the organization's operating costs by making the building they occupy more energy efficient, and result in greater resources being made available to the HTR clients served.

Implementation process

The CARE\$ SOP is implemented by annually issuing a Request For Proposals (RFP) to a wide range of NFP organizations. The project proposals must include information about the organization, planned energy efficiency improvements and specific installation costs. Proposals are reviewed and evaluated on a first-come, first-served basis until the annual program budget is fully reserved.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Conducts direct mail campaign targeting possible qualifying organizations;
- Utilizes mass electronic mail (e-mail) notifications to keep potential applicants interested and informed; and
- Presents program information at agency functions and meetings as available.

Appliance Recycling Pilot Market Transformation Program (AR MTP)

Program design

The AR MTP seeks to decrease the number of inefficient refrigerators and freezers in general use, and by doing so, deliver long-term electric energy savings and peak demand reduction. This program is designed to reduce energy usage by incenting customers to dispose of their operable, inefficient secondary refrigerators and stand-alone freezers in an environmentally safe manner.

Implementation process

TCC issued a Request for Proposals in 2008 for a pilot appliance recycling program for eligible TCC customers on a pilot basis for the program years 2008-2009. The purpose of implementing this pilot program is to gather data and information necessary to design a successful longer-term refrigerator and freezer recycling program. The AR MTP is designed to study the energy and demand savings, operating characteristics, and customer acceptance of a particular program delivery mechanism. The implementer of this AR MTP oversees the promotion, delivery, quality-assurance, and evaluation of the Program.

All residential customers who receive electric distribution service from TCC are eligible to participate in the program. Commercial customers may also be considered as part of the pilot program and will be tracked separately as part of the program evaluation.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Works closely with the third-party program implementer to develop outreach and planning activities, including use of a fully-developed promotional campaign, The Great Texas Refrigerator Roundup;
- Presents program information at local events as available to increase program awareness;
- Conducts informational meetings as necessary to explain elements of the program and opportunities for partnering with TCC to increase awareness of the benefits of appliance recycling;
- Participates in regional outreach activities as necessary; and
- Attends appropriate industry-related meetings to generate awareness and interest.

Commercial Solutions Pilot Market Transformation Program (CS MTP)

Program design

TCC's 2009 CS MTP targets commercial customers other than local government entities and public schools that do not have the in-house capacity or expertise to: 1) identify, evaluate, and undertake efficiency improvements; 2) properly evaluate energy efficiency proposals from vendors; and/or 3) understand how to leverage their energy savings to finance projects.

Incentives will be paid to targeted customers served by TCC for certain eligible energy efficiency measures that are installed in new or retrofit applications and which result in verifiable demand and energy savings.

Implementation process

Under this pilot program, TCC has targeted a number of commercial customers meeting the parameters for participation in the pilot CS MTP. The CS MTP facilitates the identification of potential demand and energy savings opportunities, general operating characteristics, long range energy efficiency planning and overall measure and program acceptance by the targeted customer participants.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Contracts with a third-party to implement outreach and planning activities;
- Targets a number of customer participants during the pilot program;
- Conducts workshops as necessary to explain elements of the program, such as responsibilities of the participants, project requirements, incentive information, and the application and reporting process;
- Participates in regional outreach activities as may be necessary; and
- Attends appropriate industry-related meetings to generate awareness and interest.

Commercial Standard Offer Program (CSOP)

Program design

The program targets commercial customers of all sizes. Incentives are paid to project sponsors for certain eligible measures installed in new or retrofit applications, based upon verified demand and energy savings.

Implementation process

Any eligible project sponsor may submit an application for a project that meets minimum requirements. The program information on TCC's website is updated frequently to reflect participating Project Sponsors and the remaining available incentive budget.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet Web site with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in state-wide outreach activities as may be available; and
- Conducts workshops as necessary to explain elements such as responsibilities of the Project Sponsor, project requirements, incentive information, and the application and reporting process.

ENERGY STAR® New Homes Market Transformation Program (ES MTP)

Program design

The ES MTP targets several groups, primarily homebuilders and consumers. The program's goal is to create conditions in which consumers demand energy efficient ENERGY STAR-qualified homes, and homebuilders will supply them. Incentives are paid to homebuilders who construct ENERGY STAR-qualified homes in the TCC service territory, and to independent home energy raters who verify that energy efficiency features are provided in the homes. Each home results in verifiable demand and energy savings. In addition to homebuilder and consumer outreach, the ES MTP targets key allies in the homebuilding production and sales cycle: home energy raters, homebuilder sales agents, real estate agents, mortgage lenders, product manufacturers, homebuilder associations and media outlets.

Implementation process

Any homebuilder constructing ENERGY STAR-qualified homes in the TCC service territory may apply for incentives. The program information on TCC's website is updated regularly to reflect program information and program incentives that are available.

Outreach activities

TCC markets the ES MTP in the following manner:

- Email and phone notification of informational meetings to homebuilders, home energy raters, real estate agents, homebuilder sales agents, mortgage lenders and other allies;
- Direct outreach to consumers at home and garden shows and through a multi-city advertising campaign (Target areas are: Corpus Christi, the Rio Grande Valley, and Laredo);
- Attendance at appropriate industry-related meetings to generate awareness and interest;

- Training workshops as necessary to explain elements such as responsibilities of and benefits to each party or ally, project requirements, incentive information, and the application and reporting process;
- Support of homebuilder sales efforts by providing sales training, marketing materials, and inclusion in print advertisements and the program's website; and
- Support during the homebuilding process by providing technical training, home plan analysis and answers to questions as needed.

Hard-to-Reach Standard Offer Program (HTR SOP)

Program design

The HTR SOP targets residential customers with total annual household incomes at or below 200% of current federal poverty guidelines. Program incentives are higher for work performed in historically under-served counties to encourage activity in these areas. Incentives are paid to Project Sponsors for a variety of eligible measures installed in retrofit applications, which result in verifiable demand and energy savings. Project comprehensiveness is encouraged. Deemed savings values are accepted as measured and verified savings for projects submitted for approval in this program.

Implementation process

Any eligible Project Sponsor may submit an application for a project meeting the minimum requirements. The program information on TCC's website is updated frequently to reflect participating Project Sponsors and any available incentive budget.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in state-wide outreach activities as may be available; and
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Load Management Standard Offer Program (LM SOP)

Program design

The LM SOP targets commercial customers with a peak electric demand of 500 kW or more. Incentives are paid to Project Sponsors to reduce peak electric load on 1-hour ahead notice. Incentive payments are based upon the metered peak demand reduction as called for by TCC.

Implementation process

TCC will implement the LM SOP whereby any eligible project sponsor in the area identified by TCC may submit an application for a project meeting the minimum requirements. The program information on TCC's website is updated frequently to reflect remaining available budget amounts.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in state-wide outreach activities as may be available; and
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

Residential Standard Offer Program (RSOP)

Program design

In 2009, the RSOP targets only residential customers, whereas in previous years the program participants included residential and small commercial customers. Program incentives are higher for work performed in historically under-served counties to encourage activity in these areas. Incentives are paid to project sponsors for certain eligible measures installed in retrofit applications, which result in verified demand and energy savings. Project comprehensiveness is encouraged. Deemed savings values are accepted as measured and verified savings for projects submitted for approval in this program.

Implementation process

Eligible project sponsors may submit applications for projects meeting the minimum requirements. The program information on TCC's website is updated frequently to reflect participating Project Sponsors and remaining available incentive amounts.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Continues existing electronic mail (e-mail) campaign targeting REPs, EESPs and national and local companies that provide energy-related services;
- Provides additional outreach using direct mail as necessary to attract more participants;
- Utilizes mass electronic mail (e-mail) notifications to keep potential project sponsors interested and informed;
- Maintains internet website with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Attends appropriate industry-related meetings to generate awareness and interest;
- Participates in state-wide outreach activities as may be available; and
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process.

SCORE/CitySmart Market Transformation Program (SCORE/CS MTP)

Program design

TCC implemented this energy-smart schools/cities market transformation program in pilot form in 2006, as envisioned by Senate Bill 712 (Texas 79th Legislature), and as approved by the PUCT.

Although no longer a pilot program, the program implementer continues to closely manage customer participation in order to effectively provide the support services the program delivers so well. The SCORE/CS MTP provides energy efficiency and demand reduction solutions for public schools and local government entities.

Incentives are paid to participating customers served by TCC for certain eligible energy efficiency measures that are installed in new or retrofit applications and which result in verifiable demand and energy savings.

Implementation process

Within this program, TCC has targeted a number of public school districts and local government entities for participation in the SCORE/CS MTP. The SCORE/CS MTP facilitates the identification of potential demand and energy savings opportunities, general operating characteristics, long range energy efficiency planning, and overall measure and program acceptance by the targeted customer participants.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Contracts with a third-party to implement outreach and planning activities;
- Targets a number of customer participants;
- Conducts workshops as necessary to explain elements of the program, such as responsibilities of the participants, project requirements, incentive information, and the application and reporting process;
- Participates in regional outreach activities as may be available; and
- Attends appropriate industry-related meetings to generate awareness and interest.

Targeted Low-Income Energy Efficiency Program (TLIP)

Program design

TCC's TLIP is designed to cost-effectively reduce the energy consumption and energy costs of TCC's low-income residential customers by using a program implementer(s) to provide eligible weatherization and energy efficiency measures residential customers who meet the current DOE income-eligibility guidelines. Implementation of this Senate Bill 712 Weatherization Program will also provide eligible residential customers with basic on-site energy education to satisfy the requirements of Substantive Rule § 25.181(p).

Target market

An eligible customer is a person residing in the TCC service area who: (1) receives electric power service through the TCC distribution system; (2) meets the current DOE income eligibility guidelines; and (3) has electric air conditioning.

Implementation and outreach activities

The designated program implementer conducts outreach targeting existing weatherization service providers in TCC's service territory. The participating agencies verify customer eligibility and

conduct assessment on eligible customers' homes. Energy savings are based on PUCT-approved deemed savings values.

Texas Statewide ENERGY STAR® Residential Compact Fluorescent Lighting Market Transformation Program (CFL MTP)

Program design

2009 is the second program year TCC is participating with other TDUs in a state-wide effort to promote the awareness, understanding, and use of compact fluorescent light bulbs (CFLs) by residential customers. The use of monetary incentives and consumer education will be used to overcome market barriers that hinder the widespread acceptance of this technology.

Implementation process

Third-party implementers have been retained to lead the effort and work in unison with other efforts to capitalize on name recognition and outreach. The focus of the program is to motivate residential customers to replace incandescent light bulbs with CFLs by educating them on the benefits and by creating a no-regret decision through discounted pricing.

Outreach activities

TCC markets the availability of its programs in the following manner:

- Maintains the internet website www.MakeYourMarkTX.com to provide customers with information about the program, where to find discounts on the bulbs by zip code, and how to handle bulbs when they need to be disposed of; and
- Participates in many community activities to promote the program directly to customers and in state-wide outreach activities as may be available.

C. New Programs for 2009

Residential Energy Efficiency Pilot Market Transformation Program (EE MTP)

Program design

The EE MTP targets residential customers. Participating customers will receive a comprehensive energy audit that will include blower door and duct blaster tests performed by a residential energy auditor. This program will be implemented by a REP, the first such program implementer in TCC's service territory.

Implementation process

This pilot program will initially target customers in the Corpus Christi area. Customers will be invited to participate in the EE MTP. A comprehensive audit will be conducted, if the customer agrees, measures will be installed immediately upon completion of the audit. Coupons may be offered to defray part of the cost for any additional, higher cost services or measures. Incentives will be paid to the program implementer for measures installed that result in verified savings. The program implementer will use the deemed savings approved by the PUCT to verify the savings for this program.

Outreach activities

The program implementer will conduct outreach targeting existing residential customers in the Corpus Christi area. The marketing plan may include outbound telemarketing, bill inserts and mass mail and media campaigns.

Residential Demand Response Research & Development Pilot Market Transformation Program (DR MTP)

Program design

The DR MTP targets residential customers. Participating customers will receive an advanced programmable communicating thermostat (PCT) that will allow the implementer to control the customer's central air conditioner during a defined number of summer peak load events, as determined by TCC distribution system operators. The participating customer will agree to allow the Project Sponsor to utilize periodic cycling control of the home's air conditioning system.

Implementation process

This pilot program will target customers in the Corpus Christi area. Initially, customers will be approached to participate in a home energy audit through the EE MTP described earlier. The customer will be provided with recommendations from the audit along with installation of measures that can be done during the visit. Incentives will be paid to the program implementer for the demand reduction at participating customer's homes when the cycling events occur. The REP project sponsor implementing this program also implements the EE MTP described earlier.

Outreach activities

The program implementer will conduct outreach targeting existing residential customers in the Corpus Christi area. The marketing plan may include outbound telemarketing, bill inserts and mass mail and media campaigns.

D. Existing DSM Contracts or Obligations

TCC has no existing DSM contracts or obligations.

II. Customer Classes

TCC's energy efficiency programs target the residential and commercial customer classes. TCC's energy efficiency programs also target certain customer sub-classes, including Residential - Hard-to-Reach, Low-income and Commercial - Public Schools, Not-for-Profit Agencies and Local Governments.

The annual projected savings targets are allocated among various customer classes and sub-classes by examining historical program results, evaluating certain economic trends, and in compliance with Substantive Rule § 25.181(e)(1)(E).

Table 3 summarizes the number of customers in each of the customer classes at TCC. These numbers were used to determine goal and budget allocations for each customer class and each program. It should be noted, however, that the actual distribution of the goal and budget must remain flexible based upon the response of the marketplace, the potential interest a customer class may have toward a specific program and the overriding objective of meeting TCC's mandated demand reduction goal. TCC offers a varied portfolio of SOPs and MTPs such that all customer classes have access to energy efficiency alternatives.

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	109,846
Total Residential	650,029
Hard-to-Reach ⁴	211,259

III. Energy Efficiency Goals and Projected Savings

As prescribed by Substantive Rule § 25.181, TCC's annual demand reduction goal is specified as a percent of its historical, five-year average growth in demand. TCC's 2009 goal is based upon the average annual growth in peak demand for the years 2004 through 2008 (the most recent historical load growth data available). The 2009 demand reduction goal is to be at least 20% of this calculated annual growth in demand of residential and commercial customers by December 31, 2009. The demand reduction goal for 2010 is to be at least 20% of this calculated annual growth in demand of residential and commercial customers by December 31, 2010. The corresponding annual energy savings goals are determined by applying a 20% capacity factor to the applicable demand reduction goal for each of these years (2009 and 2010). Table 4 presents historical annual growth in demand data for the previous five years that was used to calculate TCC's goals. Table 5 presents the projected demand reduction and energy savings, by program for each customer class for each of the years 2009 and 2010. Projected savings reflect the estimated demand and energy savings TCC's programs and expenditures are expected to achieve.

⁴ According to the U.S. Census Bureau's 2007 Current Population Survey (CPS), 32.5% of Texas families fall below 200% of the poverty threshold. Applying that percentage to TCC's residential customer base of 650,029, the number of HTR customers is estimated to be 211,259.

Table 4: Annual Growth in Demand and Energy Consumption (at the Meter)

Calendar Year	Peak Demand (MW)				Energy Consumption (GWh)				Growth (MW)	Average Growth (MW) ⁵
	Total System		Residential & Commercial		Total System		Residential & Commercial			
	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual	Actual Weather Adjusted	Actual Weather Adjusted	Actual Weather Adjusted
2003	4,240	4,094	3,854	3,709	22,088	22,077	18,052	18,042	NAP	NAP
2004	4,033	3,984	3,652	3,603	21,123	21,126	17,254	17,258	(106)	NAP
2005	4,256	4,140	3,909	3,792	21,813	21,656	18,235	18,077	189	NAP
2006	4,132	4,109	3,846	3,823	21,811	21,533	18,141	17,863	31	NAP
2007	3,972	3,971	3,634	3,633	22,166	22,191	18,265	18,289	(189)	NAP
2008	4,300	4,321	4,011	4,032	22,609	22,645	18,511	18,546	399	NAP
2009	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	64.66
2010	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	64.66

Growth for 2003 over 2002 and average growth from 2003-2008 are not applicable to any of the calculations or goals in this EEPR. Energy efficiency goals are calculated based upon the actual historical weather-adjusted growth in demand for the five most recent years, so peak demand and energy consumption forecasts for 2009 and 2010 are not applicable.

⁵ Average historical growth in demand over the prior 5 years for residential and commercial customers adjusted for weather fluctuations.

Table 5: Projected Demand and Energy Savings by Program for Each Customer Class (at the Meter)

2009	Projected Savings	
Customer Class and Program	kW	kWh
Commercial		
AEP Texas CARE\$ Energy Efficiency for Not-for-Profit Agencies SOP	30	82,000
Commercial Solutions Pilot MTP	1,100	2,469,000
Commercial SOP	8,640	39,820,000
Load Management SOP	8,570	145,690
SCORE/CitySmart MTP	1,650	3,702,000
Residential		
Appliance Recycling Pilot MTP	540	3,887,000
ENERGY STAR New Homes MTP	2,450	3,303,000
Residential Energy Efficiency Pilot MTP	390	1,211,000
Residential SOP	6,560	18,081,000
Texas Statewide ENERGY STAR Residential Compact Fluorescent Lighting MTP	310	3,079,000
Hard-to-Reach		
Hard-to-Reach SOP	2,000	6,200,000
Targeted Low-Income Energy Efficiency Program	850	3,005,000
Total Annual Projected Savings	33,090	84,984,690

2010	Projected Savings	
Customer Class and Program	kW	kWh
Commercial		
AEP Texas CARE\$ Energy Efficiency for Not-for-Profit Agencies SOP	30	82,000
Commercial Solutions Pilot MTP	1,100	2,469,000
Commercial SOP	8,640	39,820,000
Load Management SOP	8,570	145,690
SCORE/CitySmart MTP	1,650	3,702,000
Residential		
Appliance Recycling Pilot MTP	540	3,887,000
ENERGY STAR New Homes MTP	3,090	4,163,000
Residential Energy Efficiency Pilot MTP	390	1,211,000
Residential SOP	6,560	18,081,000
Hard-to-Reach		
Hard-to-Reach SOP	4,400	13,627,000
Targeted Low-Income Energy Efficiency Program*	0	0
Total Annual Projected Savings	34,970	87,187,690

*TLIP discontinued due to potential legislation to re-establish the System Benefit Fund.

IV. Program Budgets

Table 6 presents total projected budget allocations required to meet TCC's projected demand and energy savings for the years 2009 and 2010. The budget allocations are defined by the overall projected demand and energy savings, the avoided costs of capacity and energy in Substantive Rule § 25.181, allocation of demand goals among customer classes and the incentive levels to be paid by customer class. The budget allocations presented in Table 6 are detailed by customer class, by program, and by budget categories: incentive payments, administration, and research and development (R&D). TCC also has an additional budgeting class for R&D to account for R&D expenditures that are not affiliated with a specific customer class or program.

Table 6: Projected Annual Budget by Program for Each Customer Class

2009	Incentives	Admin	R&D	Total Budget
Commercial				
AEP Texas CARE\$ Energy Efficiency for Not-for-Profit Agencies SOP	\$150,000	\$16,667		\$166,667
Commercial Solutions Pilot MTP	\$463,436	\$51,493		\$514,929
Commercial SOP	\$2,943,453	\$327,050		\$3,270,503
Load Management SOP	\$300,000	\$33,333		\$333,333
SCORE/CitySmart MTP	\$600,709	\$66,745		\$667,454
Residential				
Appliance Recycling Pilot MTP	\$500,000	\$55,556		\$555,556
ENERGY STAR New Homes MTP	\$829,597	\$92,177		\$921,774
Residential Energy Efficiency Pilot MTP	\$264,000	\$29,333		\$293,333
Residential SOP	\$3,240,825	\$360,093		\$3,600,918
Texas Statewide ENERGY STAR Residential Compact Fluorescent Lighting MTP	\$216,000	\$24,000		\$240,000
Hard-to-Reach				
Hard-to-Reach SOP	\$1,501,587	\$166,843		\$1,668,430
Targeted Low-Income Energy Efficiency Program	\$2,000,000	\$222,222		\$2,222,222
Research and Development (R&D)				
CCET	NAP	NAP	\$30,600	\$30,600
Residential Demand Response Research & Development Pilot MTP	NAP	NAP	\$265,000	\$265,000
R&D Non Specific	NAP	NAP	\$405,245	\$405,245
Total Budgets	\$13,009,607	\$1,445,512	\$700,845	\$15,155,964

2010	Incentives	Admin	R&D	Total Budget
Commercial				
AEP Texas CARE\$ Energy Efficiency for Not-for-Profit Agencies SOP	\$150,000	\$16,667		\$166,667
Commercial Solutions Pilot MTP	\$463,436	\$51,493		\$514,929
Commercial SOP	\$2,943,453	\$327,050		\$3,270,503
Load Management SOP	\$300,000	\$33,333		\$333,333
SCORE/CitySmart MTP	\$600,709	\$66,745		\$667,454
Residential				
Appliance Recycling Pilot MTP	\$500,000	\$55,556		\$555,556
ENERGY STAR New Homes MTP	\$1,045,597	\$116,177		\$1,161,774
Residential Energy Efficiency Pilot MTP	\$264,000	\$29,333		\$293,333
Residential SOP	\$3,240,825	\$360,092		\$3,600,917
Hard-to-Reach				
Hard-to-Reach SOP	\$3,301,000	\$366,778		\$3,667,778
Targeted Low-Income Energy Efficiency Program*	\$0	\$0		\$0
Research and Development (R&D)				
CCET	NAP	NAP	\$30,600	\$30,600
Low-Income Energy Monitor Program	NAP	NAP	\$222,222	\$222,222
Residential Demand Response Research & Development Pilot MTP	NAP	NAP	\$265,000	\$265,000
R&D Non Specific	NAP	NAP	\$405,898	\$405,898
Total Budgets	\$12,809,020	\$1,423,224	\$923,720	\$15,155,964

* TLIP discontinued due to potential legislation to re-establish the System Benefit Fund.

ENERGY EFFICIENCY REPORT

V. Historical Demand and Energy Savings Goals for the Previous Five Years

Table 7 documents TCCø's actual demand and energy goals for the previous five years (2004-2008) calculated in accordance with Substantive Rule § 25.181.

Table 7: Historical Demand and Energy Savings Goals (at the Meter)

Calendar Year	Actual Weather Adjusted Demand Goal (MW)	Actual Weather Adjusted Energy Goal (MWh)
2008 ⁶	10.63	18,618
2007 ⁷	8.71	31,104
2006 ⁸	11.38	40,009
2005 ⁹	12.07	42,433
2004 ¹⁰	10.16	35,722

⁶ Actual weather-adjusted MW and MWh Goals as reported in TCCø's EEPR filed May 2008 under Project No. 35440.

⁷ Actual weather-adjusted numbers from EER, Project No. 33884.

⁸ Actual weather-adjusted numbers from EER, Project No. 32107.

⁹ Actual weather-adjusted numbers from EER, Project No. 30739.

¹⁰ Actual weather-adjusted numbers from EER, Project No. 29440.

VI. Projected, Reported and Verified Demand and Energy Savings

Table 8: Projected versus Reported and Verified Savings for 2008 and 2007 (at the Meter)

2008 Customer Class and Program	Projected Savings ¹¹		Reported and Verified Savings	
	kW	kWh	kW	kWh
Commercial				
CitySmart Pilot MTP	1,220	2,741,000	1,465	3,280,224
Commercial & Industrial Solicitation Program	NAP	NAP	NAP	NAP
Commercial and Industrial SOP	2,600	9,113,000	2,452	11,302,656
Commercial Solutions MTP	NAP	NAP	0	0
Energy Efficiency Improvement Program NFP SOP	30	82,000	27	85,526
Load Management SOP	1,090	NAP	2,093	2,093
Residential & Small Commercial SOP	1,920	5,260,000	20	67,492
Residential				
Appliance Recycling Pilot MTP	NAP	NAP	0	0
ENERGY STAR New Homes MTP	1,700	2,985,000	139	271,234
Residential & Small Commercial SOP	5,240	14,373,000	5,275	14,533,791
Texas Statewide ENERGY STAR Residential Compact Fluorescent Lighting MTP	120	2,331,000	233	2,330,431
Hard-to-Reach				
Hard-to-Reach SOP	960	2,670,000	1,338	4,152,093
Targeted Low-Income Energy Efficiency Program	120	3,837,000	25	92,364
Total Annual Savings	15,000	43,392,000	13,067	36,117,904

¹¹ Projected savings from EEPR filed May 2008, Project No. 35440.

2007 ¹²	Projected Savings		Reported and Verified Savings	
Customer Class and Program	kW	kWh	kW	kWh
Commercial				
CitySmart Pilot MTP	1,650	3,750,000	1,716	3,849,363
Commercial & Industrial Solicitation Program	NAP	NAP	NAP	NAP
Commercial and Industrial SOP	780	4,825,000	1,324	4,660,153
Emergency Load Management SOP	1,000	0	280	0
Energy Efficiency Improvement Program NFP SOP	20	49,000	65	339,319
Residential & Small Commercial SOP	NAP	NAP	NAP	NAP
Residential				
ENERGY STAR New Homes MTP	NAP	NAP	NAP	NAP
Residential & Small Commercial SOP	6,100	13,299,000	5,635	15,325,147
Hard-to-Reach				
Hard-to-Reach SOP	370	1,646,000	476	1,317,141
Targeted Low-Income Energy Efficiency Program	100	3,233,000	0	0
Total Annual Savings	10,020	26,802,000	9,496	25,491,123

¹² Projected and Reported/Verified Savings from EEPR filed under Project No. 35440.

VII. Historical Program Expenditures

This section documents TCC's incentive and administration expenditures for the previous five years (2004-2008) detailed by program for each customer class.

Table 9: Historical Program Incentive and Administrative Expenditures for 2004 through 2008 (000's)¹³

	2008		2007		2006		2005		2004	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
Commercial										
CitySmart Pilot MTP	\$574.0	\$47.4	\$656.8	\$13.4	\$74.2	\$3.3	NAP	NAP	NAP	NAP
Commercial & Industrial Solicitation Program	NAP	0.2	\$285.0	\$13.0	\$218.1	\$9.8	\$281.8	\$17.8	\$266.2	\$15.0
Commercial and Industrial SOP	\$644.4	\$81.9	\$450.4	\$42.5	\$1,753.3	\$55.4	\$1,090.8	\$115.2	\$816.4	\$118.7
Commercial Solutions MTP	\$137.5	\$6.5	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
Load Management SOP	\$50.9	\$6.3	\$25.7	\$4.9	\$25.1	\$6.9	NAP	NAP	NAP	NAP
Energy Efficiency Improvement Program NFP SOP	\$149.5	\$21.4	\$99.5	\$5.7	\$88.9	\$4.2	\$79.6	\$15.6	\$90.0	\$9.8
Residential & Small Commercial SOP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
Standard Performance Contract Program	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
Residential										
Appliance Recycling Pilot MTP	\$0.0	\$0	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
ENERGY STAR New Homes MTP	\$474.1	\$54.8	\$20.2	\$4.8	NAP	NAP	NAP	NAP	NAP	NAP
Residential & Small Commercial SOP	\$2,330.7	\$195.8	\$2,937.1	\$64.9	\$2,701.6	\$83.3	\$3,054.7	\$146.6	\$3,025.1	\$172.0
Texas Statewide ENERGY STAR Residential Compact Fluorescent Lighting MTP	\$205.0	\$37.9	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP

¹³ 2008 expenditures taken from Table 10 in the current EEP; 2007 expenditures from Energy Efficiency Report (EER), Project No. 35440; 2006 expenditures from EER filed under Project No. 33884; 2005 expenditures from EER, Project No. 32107; 2004 expenditures from EER, Project No. 30739.

	2008		2007		2006		2005		2004	
	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin	Incent.	Admin
Hard-to-Reach										
Hard-to-Reach SOP	\$980.4	\$102.3	\$377.6	\$40.7	\$381.6	\$36.0	\$1,120.4	\$83.7	\$929.7	\$98.4
Targeted Low-Income Energy Efficiency Program	\$236.7	\$60.3	\$0	\$2.6	\$842.6	\$0.6	NAP	NAP	NAP	NAP
M & V Auditor	NAP	NAP	NAP	NAP	NAP	\$49.3	NAP	NAP	NAP	NAP
Research and Development (R&D)	\$250.9	\$0	\$131.8	\$26.5	NAP	NAP	NAP	NAP	NAP	NAP
Total Expenditures	\$6,034.1	\$614.8	\$4,984.1	\$219.0	\$6,085.4	\$248.8	\$5,627.3	\$378.9	\$5,127.4	\$413.9

VIII. Program Funding for Calendar Year 2008

As shown in Table 10, the Total Projected Budget in 2008 was \$10,604,000. Actual Total Funds Expended in 2008 was \$6,648,875, an overall total program expenditure deviation of more than 10% from the amount budgeted. The reasons for this deviation were lower than expected participation in several programs.

The Commercial and Industrial SOP came in under budget due to lower than expected participation. There was also a timing difference between when the funds were reserved for certain projects and when those funds were actually paid upon project completion.

The ENERGY STAR New Homes MTP was under budget due to the downturn in the housing market. Several builders that started out in the program actually closed their doors and left the area, resulting in fewer ENERGY STAR-certified homes than anticipated.

The Targeted Low-Income Energy Efficiency Program was under budget due to a later than anticipated start in the fourth quarter 2008. As a result, less time remained in the program year to set up the program infrastructure, perform outreach to agencies, install measures, report the savings and pay the incentives.

The Residential & Small Commercial SOP was under budget mainly due to lower than expected participation.

The Research and Development budget was not fully expended because some anticipated projects were postponed or canceled.

Table 10: Program Funding for Calendar Year 2008 (Dollar amounts in 000's)

	Total Projected Budget ¹⁴	Numbers of Customers Participating	Actual Funds Expended (Incentives)	Actual Funds Expended (Admin)	Research and Development (R&D)	Total Funds Expended	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
Commercial								
CitySmart Pilot MTP	\$555.6	48	\$574.0	\$47.4		\$621.4	\$0	\$0
Commercial & Industrial Solicitation Program	NAP	NAP	NAP	0.2		0.2	NAP	NAP
Commercial and Industrial SOP	\$1,111.1	61	\$644.4	\$81.9		\$726.3	\$229.2	\$0
Commercial Solutions MTP	\$0.0	0	\$137.5	\$6.5		\$144.0	\$0	\$0
Load Management SOP	\$111.1	8	\$50.9	\$6.3		\$57.2	\$0	\$0
Energy Efficiency Improvement Program NFP SOP	\$166.7	13	\$149.5	\$21.4		\$170.9	\$0	\$0
Residential & Small Commercial SOP*	\$1,111.1	31	NAP	NAP		NAP	NAP	NAP
Residential								
Appliance Recycling Pilot MTP	\$0.0	0	\$0.0	\$0		\$0	\$500.0	\$0
ENERGY STAR New Homes MTP	\$1,740.7	154	\$474.1	\$54.8		\$528.9	\$0	\$0
Residential & Small Commercial SOP*	\$3,036.0	6,054	\$2,330.7	\$195.8		\$2,526.5	\$0	\$0
Texas Statewide ENERGY STAR Residential Compact Fluorescent Lighting MTP	\$240.0	7,976	\$205.0	\$37.9		\$242.9	\$0	\$0
Hard-to-Reach								
Hard-to-Reach SOP	\$813.6	1,320	\$980.4	\$102.3		\$1,082.7	\$0	\$0
Targeted Low-Income Energy Efficiency SOP	\$1,111.1	19	\$236.7	\$60.3		\$297.0	\$1,000.0	\$0
Research and Development	\$607.0	NAP	NAP	NAP	\$250.9	\$250.9	NAP	NAP
Total Expenditures	\$10,604.0	NAP	\$5,783.2	\$614.8	\$250.9	\$6,648.9	\$1,729.2	\$0

* Actual expenses for the Residential & Small Commercial SOP were tracked by program, not customer class.

¹⁴ Projected Budget from the EEPR filed May 2008, Project No. 35440.

IX. Market Transformation Program Results

Appliance Recycling MTP

This program was only recently implemented during the fourth quarter of 2008 and there are no results to report.

Commercial Solutions MTP

This program was only recently implemented during the fourth quarter of 2008 and there are no results to report.

ENERGY STAR MTP

The objective of this program is to achieve peak demand reductions and energy savings through increased sales of ENERGY STAR homes and products. Additionally, the program is designed to condition the market so that consumers are aware of and demand ENERGY STAR homes and products and builders have the technical capacity to supply them. A baseline study was conducted in 2007 to determine the existing level of efficiency typical of new home construction in TCC's service territory.

In 2008, TCC certified 154 ENERGY STAR homes. TCC provided continuing education courses and other training opportunities for contractors, homebuilders and Home Energy Raters on the advantages of ENERGY STAR homes. The training included various aspects of the ENERGY STAR home, from construction and measure installation, to the importance of whole house energy efficiency.

At the start of the program, there was not a Home Energy Rater in the Laredo area. However, by the fourth quarter, one local A/C contractor had taken the course, passed the test and become a Home Energy Rater in the Laredo area. In addition, the ENERGY STAR MTP was highly visible at several home and garden shows in the area.

SCORE/CitySmart Pilot MTP

TCC initially implemented this program as the CitySmart Pilot MTP in 2006. The program targeted several cities and schools in the TCC service area. In 2008 TCC issued an RFP to select an implementer to begin fully implementing the program in 2009. The SCORE/CS MTP pays monetary incentives to the program participants for the installation of energy efficiency measures

that reduce peak demand and energy use. The program implementer provides tools that assist local government entities and public school districts to identify critical needs and promote best business practices. As each customer participant commits to the SCORE/CS MTP, a benchmarking analysis is conducted for each facility. The benchmarking data compares energy performance within the various customer facilities and against state and national average. This data also serves as the program baseline data.

TCC contracted with a third party program implementer. Implementation duties and responsibilities include outreach activities, workshops, benchmarking, engineering analysis and results reporting.

In 2008 TCC projected to acquire 1,220 kW demand savings from this program. TCC exceeded this projection by verifying and reporting 1,465 kW. This included participation by 14 customers (5 cities and 9 school districts) in four (4) different counties.

Texas Statewide ENERGY STAR Residential Lighting MTP

In 2008, TCC participated with seven other Texas TDUs in this pilot market transformation program, which encourages customers to purchase CFLs to replace incandescent light bulbs by lowering prices and increasing the availability of CFLs at stores within the service area of the sponsors through upstream markdowns/buy-downs.

The Program Implementer conducted savings measurement and verification for the program. They estimated free-ridership and leakage associated with the program and confirmed its cost-effectiveness under the Commission's rules.

Leakage from the program is defined here as the sale of CFLs that were discounted through the program to consumers that do not receive electric distribution service from one of the sponsor utilities. Leakage was estimated on a store-by-store basis. Less than one-half of one percent of the total program bulb sales were made to non-Texas residents and less than 5% were sales made to consumers living outside the TDUs' service territories.

The free-ridership ratio is the fraction of participants that bought bulbs discounted through the program that would have made the purchase in the absence of the program. The Net-to-Gross (NTG) factor for free-ridership is then one minus the free-ridership ratio. The implementer estimated the NTG value in two ways using data collected from a random survey to Texas residents.

While Substantive Rule § 25.181 does not require that reported savings be adjusted for free-ridership, the sponsor utilities felt that the unique program design and current market characteristics surrounding this program warranted special treatment. Given the uncertainties in determining free-ridership and the limited data available, the sponsor utilities chose to adopt a conservative estimate for the NTG of about 0.63 for reporting purposes. This value is based on a comprehensive evaluation being performed for the California Public Utility Commission's update to the Database for Energy Efficient Resources (DEER) and will likely be used by California IOUs for 2009-2011 program planning.

X. Current Energy Efficiency Cost Recovery Factor (EECRF)

In Docket No. 35627, TCC requested an EECRF to recover the portion of TCC's energy efficiency program costs to be incurred during 2009 to meet its energy efficiency objectives under PURA §39.905 in excess of the costs included in TCC's current base rates (\$6,334,949). TCC's request was granted July 21, 2008. The EECRF was made effective on December 30, 2008, the beginning of TCC's January 2009 billing month and is authorized to recover \$8,821,015 in energy efficiency costs.

Table 11: EECRF

Customer Class	EECRF
Residential Service	\$0.000539 per kWh
Secondary Service (less than or equal to 10 kW)	\$0.000419 per kWh
Secondary Service (greater than 10 kW)	\$0.000457 per kWh
Primary Service	\$0.000388 per kWh

Revenue Collected

Not Applicable

Over- or Under-recovery

Not Applicable

XI. Underserved Counties

TCC has defined Underserved Counties as any county in the TCC Service Territory that TCC did not report demand or energy savings for through any of its prior year (2008) SOP or MTPs. Per Substantive Rule § 25.181, a list of the Underserved Counties is as follows:

Caldwell	Kenedy	Uvalde
Colorado	Kinney	Wilson
Dimmit	La Salle	Zavala
Frio	McMullen	
Guadalupe	Real	

XII. Performance Bonus

TCC achieved 13,067 kW reduction in peak demand from its energy efficiency programs offered in 2008. TCC's demand reduction goal for 2008 was 10,630 kW. TCC's achievement represents 122.93% of its goal, qualifying it for a performance bonus. Per the Substantive Rule § 25.181, TCC is eligible for a Performance Bonus of \$1,462,753, which it will be requesting in its 2010 EECRF Filing.

Table 12: Energy Efficiency Performance Bonus Calculation for 2008

	kW	kWh	As Found In Table
2008 Goals	10,630	18,618,000	7
2008 Savings			
<i>Reported/Verified Total (including HTR and measures with <10yr EUL)</i>	13,067	36,117,904	8
<i>Reported/Verified Hard-to-Reach</i>	1,338		8
2008 Program Costs	\$6,648,875		10
2008 Performance Bonus	\$1,462,753		

Performance Bonus Calculation

122.93% Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)

TRUE Met Requirements for Performance Bonus?

\$21,496,555 Total Avoided Cost (Reported kW * PV(Avoided Capacity Cost) + Reported kWh * PV(Avoided Energy Cost))

\$6,648,875 Total Program Costs

\$14,847,680 Net Benefits (Total Avoided Cost - Total Expenses)

Pre-Bonus Calculation

\$1,701,966 Calculated Pre-Bonus ((Goal Accomplishment kW > 100%) / 2) * Net Benefits

\$1,329,775 Pre-Bonus Limit (20% of Program Costs)

\$1,329,775 *Pre-Bonus (Minimum of Calculated Bonus and Bonus Limit)*

Extra Bonus Calculation

TRUE Met Requirements for Extra Bonus?

\$132,977.50 *Extra Bonus (10% of Pre-Bonus if Reported Savings are 120% of Goal and HTR Reported Savings are 10% of Total Reported Savings)*

Bonus Calculation

\$1,462,752.50 Bonus (Pre-Bonus + Extra Bonus)

Acronyms

C&I	Commercial and Industrial
CCET	Center for the Commercialization of Electric Technologies
DR	Demand Response
DSM	Demand Side Management
EEP	Energy Efficiency Plan, which was filed as a separate document prior to April 2008
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2008
EE Rule	Energy Efficiency Rule, PUCT Substantive Rules § 25.181 and § 25.183
ERCOT	Electric Reliability Council of Texas
HTR	Hard-To-Reach
M&V	Measurement and Verification
MTP	Market Transformation Program
NAP	Not Applicable
PUCT	Public Utility Commission of Texas
REP	Retail Electrical Provider
RES	Residential
SCORE	Schools Conserving Resources
SOP	Standard Offer Program

Glossary

Actual Weather Adjusted -- "Actual Weather Adjusted" peak demand and energy consumption is the historical peak demand and energy consumption adjusted for weather fluctuations using weather data for the most recent ten years.

At Meter – Demand (kW/MW) and Energy (kWh/MWh) figures reported throughout the EEPR are reflective of impacts at the customer meter. This is the original format of the measured and deemed impacts which the utilities collect for their energy efficiency programs. Goals are necessarily calculated "at source" (generator) using utility system peak data at the transmission level. In order to accurately compare program impacts, goals and projected savings have been adjusted for the line losses (7%) that one would expect going from the source to the meter.

Average Growth -- Average historical growth in demand (kW) over the prior 5 years for residential and commercial customers adjusted for weather fluctuations.

Capacity Factor – The ratio of the annual energy savings goal, in kWh; to the peak demand goal for the year, measured in kW, multiplied by the number of hours in the year, or the ratio of the actual annual energy savings, in kWh, to the actual peak demand reduction for the year, measured in kW, multiplied by the number of hours in the year.

Commercial customer -- A non-residential customer taking service at a metered point of delivery at a distribution voltage under an electric utility's tariff during the prior calendar year and a non-profit customer or government entity, including an educational institution. For purposes of this section, each metered point of delivery shall be considered a separate customer.

Deemed savings -- A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that an electric utility may use instead of energy and peak demand savings determined through measurement and verification activities.

Demand -- The rate at which electric energy is used at a given instant, or averaged over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).

Demand savings -- A quantifiable reduction in demand.

Energy efficiency -- Improvements in the use of electricity that are achieved through facility or equipment improvements, devices, or processes that produce reductions in demand or energy consumption with the same or higher level of end-use service and that do not materially degrade existing levels of comfort, convenience, and productivity.

Energy efficiency measures -- Equipment, materials, and practices at a customer's site that result in a reduction in electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kilowatts (kW), or both. These measures may include thermal energy storage and removal of an inefficient appliance so long as the customer need satisfied by the appliance is still met.

Energy efficiency program -- The aggregate of the energy efficiency activities carried out by an electric utility under this section or a set of energy efficiency projects carried out by an electric utility under the same name and operating rules.

Energy Efficiency Rule (EE Rule) -- § 25.181 and § 25.183, which are the sections of the Public Utility Commission of Texas's Substantive Rules implementing Public Utility Regulatory Act (PURA) § 39.905.

Energy savings -- A quantifiable reduction in a customer's consumption of energy that is attributable to energy efficiency measures.

Growth in demand -- The annual increase in demand in the Texas portion of an electric utility's service area at time of peak demand, as measured in accordance with the Energy Efficiency Rule.

Hard-to-reach (HTR) customers -- residential customers with an annual household income at or below 200% of the federal poverty guidelines.

Incentive payment -- Payment made by a utility to an energy efficiency service provider under an energy-efficiency program.

Inspection -- Examination of a project to verify that an energy efficiency measure has been installed, is capable of performing its intended function, and is producing an energy saving or demand reduction.

Load control -- Activities that place the operation of electricity-consuming equipment under the control or dispatch of an energy efficiency service provider, an independent system operator or

other transmission organization or that are controlled by the customer, with the objective of producing energy or demand savings.

Load management -- Load control activities that result in a reduction in peak demand on an electric utility system or a shifting of energy usage from a peak to an off-peak period or from high-price periods to lower price periods.

Market transformation program (MTP) -- Strategic programs to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices, as described in this section.

Measurement and verification (M&V) -- Activities intended to determine the actual energy and demand savings resulting from energy efficiency projects as described in this section.

Peak demand -- Electrical demand at the times of highest annual demand on the utility's system.

Peak demand reduction -- Reduction in demand on the utility system throughout the utility system's peak period.

Peak period -- For the purpose of this section, the peak period consists of the hours from one p.m. to seven p.m., during the months of June, July, August, and September, excluding weekends and Federal holidays.

Projected Demand and Energy Savings ó Peak demand reduction and energy savings Company projects to achieve by implementing the portfolio of programs outlined in this EEPR. These projected savings reflect Company's goals required by the Energy Efficiency Rule (Substantive Rule § 25.181) and [list any other Utility-specific driver(s) for Project Savings Numbers].

Project sponsor -- An energy efficiency service provider or customer who installs energy efficiency measures or performs other energy efficiency services under the Energy Efficiency Rule. An energy efficiency service provider may be a retail electric provider or commercial customer, provided that the commercial customer has a peak load equal to or greater than 50kW.

Renewable demand side management (DSM) technologies -- Equipment that uses a renewable energy resource (renewable resource), as defined in §25.173(c) of this title (relating to Goal for Renewable Energy) that, when installed at a customer site, reduces the customer's net purchases of energy, demand, or both.

Standard offer program (SOP) -- A program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.

Underserved County ó a county that did not have reported demand or energy savings through a prior years SOP or MTP.

APPENDICES

APPENDIX A:

REPORTED AND VERIFIED DEMAND AND ENERGY REDUCTION BY COUNTY

CALENDAR YEAR 2008

CITYSMART PILOT MTP

County	Reported and Verified Savings	
	kW	kWh
Cameron	51.0	47,863
Hidalgo	849.0	1,981,675
Nueces	289.0	596,119
Webb	276.0	654,567
Total	1,465.0	3,280,224

COMMERCIAL AND INDUSTRIAL SOP

County	Reported and Verified Savings	
	kW	kWh
Aransas	66.2	256,784
Bee	78.0	318,042
Cameron	412.9	1,677,901
Hidalgo	402.0	2,250,201
Jim Wells	84.1	187,078
Karnes	76.6	167,728
Kleberg	46.5	113,541
Maverick	20.5	78,610
Medina	150.1	614,003
Nueces	497.1	2,446,943
Val Verde	72.5	340,679
Victoria	234.7	1,082,979
Webb	260.0	1,415,973
Wharton	50.8	352,194
Total	2,452.0	11,302,656

ENERGY EFFICIENCY IMPROVEMENT PROGRAM NFP SOP

County	Reported and Verified Savings	
	kW	kWh
Cameron	0.6	857
Edwards	0.7	1,308
Nueces	25.1	82,333
Webb	0.7	1,028
Total	27.1	85,526

ENERGY STAR MTP

County	Reported and Verified Savings	
	kW	kWh
Aransas	12.1	23,085
Cameron	2.4	5,762
Hidalgo	4.7	10,796
Nueces	85.3	167,128
San Patricio	33.5	63,334
Webb	0.6	1,129
Total	138.6	271,234

HARD-TO-REACH SOP

County	Reported and Verified Savings	
	kW	kWh
Aransas	4.0	11,230
Bee	69.0	265,863
Brooks	1.0	1,750
Calhoun	125.0	315,460
Cameron	24.0	63,276
De Witt	1.0	2,243
Goliad	17.0	64,650
Hidalgo	394.0	1,385,273
Jackson	13.0	34,633
Jim Hogg	35.0	111,313
Jim Wells	15.0	50,419
Karnes	19.0	63,697
Kleberg	21.0	60,852
Matagorda	30.0	89,732
Nueces	286.0	714,115
San Patricio	51.0	134,376
Starr	62.0	230,975
Victoria	168.0	540,009
Webb	2.0	8,074
Wharton	1.0	4,153
Total	1,338.0	4,152,093

LOAD MANAGEMENT SOP

County	Reported and Verified Savings	
	kW	kWh
Aransas	152.8	153
Hidalgo	607.6	608
Nueces	597.9	598
Starr	189.8	190
Victoria	211.2	211
Webb	333.6	333
Total	2,092.9	2,093

RESIDENTIAL & SMALL COMMERCIAL SOP

County	Reported and Verified Savings	
	kW	kWh
Aransas	40.0	108,756

Bee	31.0	107,650
Brooks	3.0	8,961
Calhoun	366.0	867,531
Cameron	163.0	463,839
De Witt	9.0	29,627
Duval	3.0	8,966
Goliad	5.0	17,825
Hidalgo	1,334.0	4,173,505
Jackson	12.0	23,296
Jim Hogg	12.0	34,101
Jim Wells	52.0	143,224
Karnes	5.0	17,018
Kleberg	33.0	84,102
Live Oak	3.0	8,784
Matagorda	85.0	235,889
Nueces	2,172.0	5,591,168
Refugio	2.0	3,068
San Patricio	269.0	708,125
Starr	224.0	792,707
Victoria	365.0	888,627
Webb	98.0	258,286
Willacy	9.0	26,228
Total	5,295.0	14,601,283

TARGETED LOW-INCOME ENERGY EFFICIENCY SOP

County	Reported and Verified Savings	
	kW	kWh
Hidalgo	3.9	14,691
Starr	21.4	77,673
Total	25.3	92,364

TEXAS STATEWIDE ENERGY STAR®
RESIDENTIAL COMPACT FLUORESCENT LIGHTING MTP

County	Reported and Verified Savings	
	kW	kWh
Aransas	4.0	40,196
Atascosa	1.3	12,778
Cameron	13.2	131,572
Duval	0.0	262
Goliad	1.1	11,280
Gonzales	0.0	205
Hidalgo	98.7	986,471
Jackson	3.6	36,262
Jim Wells	0.4	4,425
Kleberg	4.1	41,327
Matagorda	6.6	66,475
Maverick	3.3	32,637
Nueces	52.3	523,279
Refugio	1.7	17,107
San Patricio	5.0	49,845
Starr	6.2	61,989
Val Verde	6.3	62,529
Victoria	1.3	13,416
Webb	23.4	233,466
Wharton	0.3	2,519
Willacy	0.0	244
Zapata	0.2	2,147
Total	233.0	2,330,431

APPENDIX B:

PROGRAM TEMPLATES

TCC does not have any program templates to report this year.

APPENDIX C:

EXISTING CONTRACTS OR OBLIGATIONS

TCC does not have any Existing Contracts or Obligation documentation to provide for 2009.

APPENDIX D:

OPTIONAL SUPPORT DOCUMENTATION

TCC does not have any Optional Supporting Documentation to provide for 2009.