
Southwestern Electric Power Company 2011 Energy Efficiency Plan and Report

Substantive Rules § 25.181 and § 25.183

April 1, 2011

Project No. 39105



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INTRODUCTION

Southwestern Electric Power Company (SWEPCO or Company) presents this Energy Efficiency Plan and Report (EEPR) to comply with Substantive Rules 25.181 and 25.183 (EE Rule), which implement Public Utility Regulatory Act (PURA) § 39.905. As mandated by this section of PURA, the EE Rule requires that each investor owned electric utility achieve the following demand reduction goals through market-based standard offer programs (SOPs) and limited, targeted, market transformation programs (MTPs):

- at least 20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2010;
- at least 20% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2011;
- at least 25% of the electric utility's annual growth in demand of residential and commercial customers by December 31, 2012.

The EE Rule includes specific requirements related to the implementation of SOPs and MTPs that control the manner in which electric utilities must administer their portfolio of energy efficiency programs in order to achieve their mandated annual demand reduction goals. SWEPCO'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.

EEPR ORGANIZATION

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

Executive Summary

- Executive Summary summarizes SWEPCO's plans for achieving its goals and projected energy efficiency savings for program years 2011 and 2012 and highlights SWEPCO's achievements for program year 2010.

Energy Efficiency Plan

- Section I describes SWEPCO'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 SWEPCO's previously submitted plan.
- Section II explains SWEPCO's targeted customer classes and describes the estimated size of each class and the method used in determining those class sizes.

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

Energy Efficiency Report

- Section V documents SWEPCO's demand reduction goal for each of the previous five years (2006-2010) based on its weather-adjusted peak demand.
- Section VI compares SWEPCO's projected energy and demand savings to its reported and verified savings by program for calendar years 2009 and 2010.
- Section VII details SWEPCO's incentive and administration expenditures for each of the previous five years (2006-2010) detailed by program for each customer class.
- Section VIII compares SWEPCO's actual 2010 expenditures with its 2010 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 SWEPCO's overall program budget.
- Section IX describes the results from SWEPCO's MTPs. It compares existing baselines and existing milestones with actual results, and details updates to those baselines and milestones.
- Section X documents SWEPCO's most recent Energy Efficiency Cost Recovery Factor (EECRF).
- Section XI documents SWEPCO's Underserved Counties.
- Section XII describes SWEPCO's Performance Bonus calculation for program year 2010.

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 – Reported and Verified Demand and Energy Reduction by County for each program.
- Appendix B – Program Templates for any new or modified programs and programs not included in SWEPCO's previous EEPR.
- Appendix C – SWEPCO's existing energy efficiency contracts and obligations.
- Appendix D - Data, explanations, or documents supporting other sections of the EEPR.

EXECUTIVE SUMMARY – ENERGY EFFICIENCY PLAN (PLAN)

SWEPSCO plans to achieve savings of at least a 20% reduction in its annual growth in demand of residential and commercial customers by December 31, 2011, and at least a 25% reduction in its annual growth in demand of residential and commercial customers by December 31, 2012. SWEPCO'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 [Substantive Rule 25.181(e)(4)]. The goals, budgets and implementation procedures that are included in this Plan are consistent with the requirements of the EE Rule, using lessons learned from past experience and customer participation in the various historical energy efficiency programs. A summary of SWEPCO'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)
2011	-22.32	20%	5.60	9,811	14.34	22,021	\$5,200
2012	-22.32	20%	5.60	9,811	14.11	20,820	\$5,096

* Substantive Rule 25.181(e)(3)(B) – Beginning in 2009 a utility's demand reduction goal in megawatts for any year shall not be less than the previous year's goal.

EXECUTIVE SUMMARY – ENERGY EFFICIENCY REPORT (REPORT)

This report demonstrates that in 2010 SWEPCO cost-effectively implemented SOPs and MTPs as provided for by PURA § 39.905. SWEPCO exceeded its demand reduction goal to be achieved by December 31, 2011 by procuring 14,748 kW of peak demand savings at a total cost of \$4,282,043. Programs in 2010 included the Commercial Solutions Pilot MTP, Commercial SOP, CoolSaver[®] A/C Tune-Up Pilot MTP, Hard-to-Reach SOP, Home\$avers, LED Lighting Pilot MTP, Load Management SOP, Residential SOP, SCORE MTP, SMART SourceSM Solar PV Pilot MTP, SWEPCO CARE\$ Energy Efficiency for Not-for Profit Agencies, and the LED Lighting Pilot MTP.

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 Tables 5 and 6.

ENERGY EFFICIENCY PLAN

I. 2011 PROGRAMS

A. 2011 Program Portfolio

SWEPCO has implemented a variety of programs in 2011 to enable the Company 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.

Table 2 below summarizes SWEPCO's programs and targeted customer class markets for 2011. The programs are described in further detail in Subsections B and C. SWEPCO maintains a web site containing all of the requirements for energy efficiency service provider (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 program updates and information to potential EESPs and other interested parties.

Table 2: 2011 Energy Efficiency Program Portfolio

Program	Target Market	Application
Commercial Solutions Pilot Market Transformation Program	Commercial	Retrofit New Construction
Commercial Standard Offer Program	Commercial	Retrofit New Construction
CoolSaver [®] A/C Tune-Up Pilot Market Transformation Program	Commercial Residential	Retrofit
Hard-to-Reach Standard Offer Program	Hard-to-Reach Residential	Retrofit
Home\$avers	Low Income Residential	Retrofit
LED Lighting Pilot Market Transformation Program	Commercial	Retrofit New Construction
Load Management Standard Offer Program	Commercial	Retrofit
Residential Standard Offer Program	Residential	Retrofit
SCORE Market Transformation Program	Commercial	Retrofit New Construction
SMART Source SM Solar PV Pilot Market Transformation Program	Residential Commercial	Retrofit New Construction
SWEPCO CARE\$ Energy Efficiency for Not-for-Profit Agencies Program	Commercial	Retrofit New Construction
New Programs for 2011		
Small Business Direct Install Pilot MTP	Commercial	Retrofit
On-Line Customer Energy Use Audit Tool	Residential	Educational

B. Existing Programs

Commercial Solutions Pilot Market Transformation Program (CS MTP)

Program design

SWEPCO's CS MTP targets commercial customers (other than 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 are paid to customers served by SWEPCO for certain eligible energy efficiency measures that are installed in new or retrofit applications that result in verifiable demand and energy savings. During 2011, SWEPCO will review this pilot program and determine whether to transition this program to a full program for the 2012 implementation year.

Implementation process

Under this pilot program, SWEPCO is targeting a number of commercial customers meeting the program participation parameters. The CS MTP facilitates the identification of 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

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

- Contracts with a third-party implementer to conduct 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;
- Utilizes working relationships between Customer Account Managers and customers to promote the program;
- Participates in regional outreach activities as may be necessary; and
- Participates in appropriate industry-related meetings to generate awareness and interest.

Commercial Standard Offer Program (CSOP)

Program design

The CSOP 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 SWEPCO's web site is updated frequently to reflect participating project sponsors and the remaining available incentive budget.

Outreach activities

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

- Utilizes mass e-mail notifications to keep potential project sponsors interested and informed;
- Utilizes working relationships between Customer Account Managers and customers to promote the program;
- Maintains an internet web site with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Participates in appropriate industry-related meetings to generate awareness and interest;
- Participates in state-wide outreach activities as may be available;
- Conducts workshops as necessary to explain elements such as responsibilities of the project sponsor, project requirements, incentive information, and the application and reporting process; and
- Provides an informational brochure.

CoolSaver[®] A/C Tune-Up Pilot Market Transformation Program (CoolSaver[®] MTP)

Program Design

SWEPCO began implementing the CoolSaver[®] MTP in 2010 as a pilot program. This program is designed to overcome market barriers that prevent residential and small business customers from receiving high performance air conditioning system tune-ups. The program works with local air conditioning distributor networks to offer key program components, including:

- Training and certifying A/C technicians on the tune-up and air flow correction services and protocols;
- Paying incentives to A/C contractors for the successful implementation of air conditioning tune-up and air flow correction services;
- Paying incentives to the customers in the form of coupons to be applied toward the completion of recommended work leading to optimum unit efficiency.

SWEPCO will continue to implement this pilot program in 2011. After review of the program findings, SWEPCO may transition this program to a full program for the 2012 implementation year, or consider other approaches to promote A/C tune-ups in its service territory.

Implementation process

A third-party implementer is contracted to design, implement, and market the CoolSaver[®] MTP as well as provide specialized training to the A/C technicians. The implementer seeks interested contractors that will enter into a contractor partnering agreement that specifies the program requirements. Contractors are trained on the A/C tune-up process and are provided incentives and discounts on the cost of field equipment designed to diagnose and quantify energy savings opportunities. Participating customers receive coupons for use towards efficiency services performed as a result of the program's tune-up analysis. Energy savings are captured through the correction of A/C system inefficiencies identified during the tune-up activities.

Outreach activities

SWEPCO markets the CoolSaver[®] MTP in the following manner:

- Contracts with a third-party implementer to conduct outreach and planning activities;
- Targets residential and small commercial HVAC contractors who service customers served by SWEPCO;
- Conducts training workshops with contractor staff on the specific tune-up and airflow correction services promoted by the program, as well as the measurement and verification process to document savings;
- Conducts workshops as necessary to explain elements of the program, such as responsibilities of the contractors, project requirements, incentive information, and the application and reporting process; and
- Participates in appropriate industry-related meetings to generate awareness and interest.

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

Program design

The HTR SOP targets residential customers in existing homes with total annual household incomes at or below 200% of current federal poverty guidelines. Incentives are paid to project sponsors for a variety of eligible measures installed in retrofit applications, which result in verifiable demand and energy savings. Incentives are higher for work performed in historically underserved counties and for certain identified underserved measures to encourage activity. Project comprehensiveness is encouraged and customer education regarding energy conservation behavior is administered by materials distributed by project sponsors. Public Utility Commission of Texas (PUCT) approved 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 SWEPCO's web site is updated frequently to reflect participating project sponsors and available incentive budget.

Outreach activities

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

- Utilizes mass e-mail notifications to enroll and keep potential project sponsors interested and informed;
- Maintains internet web site with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Educates internal employees about the program to help increase the customers' awareness of the programs;
- Participates in 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.

Home\$avers (Low-Income Weatherization Program)

Program design

The Home\$avers program is designed to cost-effectively reduce the energy consumption and energy costs for SWEPCO's low-income customers. Program implementers provide eligible weatherization and energy efficiency measures for residential customers who meet the DOE income-eligibility guidelines, currently 200% of federal poverty guidelines.

Implementation process

The program implementer signs agreements with not-for-profit (NFP) agencies that will verify customer eligibility and conduct an energy use assessment of eligible customers' homes. The agencies select measures to be installed based on the savings-to-investment ratio (SIR), which evaluates cost effectiveness. PUCT approved Deemed Savings values are used to determine demand and energy savings.

Outreach activities

The program implementer conducts outreach by targeting existing weatherization service providers and other NFP and governmental agencies in SWEPCO's service territory. These service providers identify potential Home\$avers applicants from their client lists or conduct outreach into the surrounding community and to other low-income assistance agencies.

LED Lighting Pilot Market Transformation Program (LED MTP)

Program design

SWEPSCO implemented the LED MTP in 2010. The LED MTP facilitates energy efficiency and demand reduction through the installation of qualified LED lighting projects for outdoor applications. SWEPSCO selected a third party to begin fully implementing the program in July of 2010. The program implementer conducts marketing and outreach activities, provides customer assistance with project identification and application completion, and verifies LED product eligibility and project savings.

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

Implementation process

This program is open to all customers with a commercial class meter that receive service from SWEPSCO. Customers are provided with personalized consultation services to address program questions, technology concerns, and address financial impacts. The program implementer also provides customer support by assisting with identification of potential projects, providing LED measure specifications, reviewing LED products based on manufacturer test data, conducting inspections, and calculating the project payback.

Outreach activities

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

- Utilizes a third party implementer to provide one-on-one outreach and customer support;
- Engages local service providers and provides program training;
- Conducts workshops as necessary to review the program, LED technology, and provide a networking forum for customers to see LED products;
- Participates in regional outreach activities as applicable; and
- Participates in appropriate industry-related meetings to generate awareness.

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 for load reduction periods of 2 to 4 hours duration. Incentive payments are based upon the metered peak demand reduction as called for by SWEPSCO.

Implementation process

Any eligible project sponsor in the area identified by SWEPCO may submit an application for a project meeting the minimum requirements. The program information on SWEPCO's web site is updated frequently to reflect remaining available budget amounts.

Outreach activities

SWEPCO markets the LM SOP in the following manner:

- Utilizes mass email notifications to enroll and keep potential project sponsors interested and informed;
- Utilizes working relationships between Customer Account Managers and customers to promote the program;
- Maintains an internet web site with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Participates in 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

The RSOP targets residential customers in existing homes. Incentives are paid to project sponsors for certain eligible measures installed in retrofit applications that result in verified demand and energy savings. Program incentives are higher for work performed in historically underserved counties to encourage activity in these areas. Higher incentives are also paid for certain measures that have been installed less frequently than other measures. Project comprehensiveness is encouraged. PUCT approved Deemed Savings values are accepted in lieu of 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 SWEPCO's web site is updated frequently to reflect participating project sponsors and remaining available incentive amounts.

Outreach activities

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

- Utilizes mass e-mail notifications to inform and update potential project sponsors such as EESPs and national and local companies that provide energy-related services.
- Provides additional outreach using direct mail as necessary to attract more participants;
- Educates internal employees about the program to help increase the customers' awareness of the programs;
- Maintains an internet web site with detailed project eligibility, end-use measures, incentives, procedures and application forms;
- Participates in appropriate industry-related meetings to generate awareness and interest;
- Sends informational brochures to customers concerned about utility bills;
- 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 Market Transformation Program (SCORE MTP)

Program design

The SCORE MTP provides energy efficiency and demand reduction solutions for public schools. This program is designed to help educate and assist these customers in lowering their energy use by facilitating the integration of energy efficiency into their short- and long-term planning, budgeting and operational practices. Incentives are paid to participating customers for eligible energy efficiency measures that are installed in new or retrofit applications that provide verifiable demand and energy savings.

Implementation process

Within this program, SWEPSCO offers participation to public school districts in its service territory. The program facilitates the identification of potential demand and energy savings opportunities, general electric energy operating characteristics, long-range energy efficiency planning, and overall measure and program acceptance by the targeted customer participants.

Outreach activities

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

- Contracts with a third party to implement outreach and planning activities;
- Identifies customer participants;
- Utilizes working relationships between Customer Account Managers and customers to promote the 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
- Participates in appropriate industry-related meetings to generate awareness and interest.

SMART SourceSM Solar PV Pilot Market Transformation Program (Solar PV Pilot MTP)

Program Design

The Solar PV Pilot MTP was implemented by SWEPCO in late 2009. In addition to demand and energy savings achieved from the installations, the program also aims to transform the market by increasing the number of qualified companies offering installation services and by decreasing the average installed cost of systems by creating greater market economies of scale.

Implementation Process

The pilot program primarily targets solar PV installation companies in SWEPCO's service territory, but also promotes program awareness to solar PV manufacturers and SWEPCO customers. Solar PV installers who complete the program certification process to participate in the program submit project applications to be eligible to receive incentive amounts based on program guidelines.

Outreach Activities

SWEPCO markets the availability of its program in the following manner:

- Makes available clear and concise material that describes the program incentive offer;
- Maintains an internet web site and program guidebook to be used as referral tools;
- Uses bill inserts and email notifications;
- Conducts workshops and training for installers and local code enforcement officials to explain project requirements and incentive information; and
- Facilitates earned media opportunities, spotlighting successful projects and interesting stories when possible.

SWEPCO CARE\$ Energy Efficiency for Not-for-Profit Agencies Program (SWEPCO CARE\$)

Program design

SWEPCO CARE\$ targets commercial NFP agencies that provide various services to Hard-to-Reach (HTR) customers in the SWEPCO service territory. Incentives are paid to participating agencies for certain eligible energy efficiency improvements made to their administrative facilities that result in

verified demand and energy savings. These improvements reduce the agency's operating costs by making the administrative facility more energy efficient, resulting in greater resources being made available to the HTR clients served.

Implementation process

The CARE\$ program is implemented by annually issuing notice of the program rollout date and incentive budget to a wide range of NFP organizations. Project proposals 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

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

- Conducts direct mail campaign targeting possible qualifying organizations;
- Utilizes mass e-mail notifications to enroll and inform potential applicants; and
- Presents program information at agency functions and meetings, as available.

C. New Programs for 2011

Small Business Direct Install Pilot MTP

A Small Business Direct Install Program will be developed as a pilot program to offer energy efficiency services to small commercial customers with peak demands less than 50 kW. Currently, this customer group is the segment least served by SWEPCO's current SOPs or MTPs. This program will be designed to overcome barriers unique to small commercial customers that prevent them from participating in energy efficiency programs proven to be successful for larger business owners. These barriers include:

- Minimal technical knowledge among small business owners;
- Concerns about performance uncertainty and hidden costs;
- Owner/tenant challenges;
- Lack of capital, expertise, and staff; and
- Information or search costs.

To overcome these barriers, the program will offer a "turnkey" approach in which marketing, energy education, site-specific energy analysis, financial incentives, equipment procurement, and installation can be provided. Installation work is projected to be performed by local contractors, thus benefiting the local economy and educating local service industries on energy efficiency benefits and capabilities.

On-Line Customer Energy Use Audit Tool

The On-Line Customer Energy Use Audit Tool is designed to provide a web-based, do-it-yourself home energy audit that equips residential customers with valuable information to help them manage their energy use and cost. The program will be available for all SWEPCO Texas customers that have access to the internet. The tool provides functionality that produces a printer-friendly report that:

- Factors in weather and local electricity prices;
- Estimates monthly and annual energy usages and costs;
- Provides customized energy saving recommendations and potential savings for implemented measures; and
- Integrates and displays SWEPCO programs and incentives.

Included in the tool are energy calculators (appliance, lighting, heating/cooling systems), an extensive home energy library, Fundamentals of Electricity information, and Kids Korner Reference Libraries. At this time, it is not anticipated that SWEPCO will report savings from this On-Line Audit Tool.

D. Existing DSM Contracts or Obligations

SWEPCO has no existing DSM contracts or obligations.

II. CUSTOMER CLASSES

SWEPSCO's energy efficiency programs target residential and commercial customer classes. SWEPCO's energy efficiency programs also target certain customer subclasses, including Residential – HTR and Low-Income; and Commercial – Public Schools and NFP Agencies.

The annual projected savings targets are allocated among these customer classes and subclasses by examining historical program results, evaluating certain economic trends, and compliance with Substantive Rule 25.181(3).

Table 3 summarizes the number of active customers in each eligible customer class at SWEPCO in the month of January 2011. 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 annual goal to be achieved and budget required to achieve the goal must remain flexible based upon the conditions of the marketplace, the potential interest a customer class may have in a specific program and the overriding objective of meeting SWEPCO's mandated demand reduction goal in total. SWEPCO offers a varied portfolio of SOPs and MTPs such that all eligible customer classes have access to energy efficiency alternatives.

Table 3: Summary of Customer Classes

Customer Class	Number of Customers
Commercial	34,547
Residential	145,989
Hard-to-Reach ⁴	48,176

⁴ According to the U.S. Census Bureau's 2009 Current Population Survey (CPS), 33% of Texas families fall below 200% of the poverty threshold. Applying that percentage to SWEPCO's residential customer base of 145,989, the number of HTR customers is estimated at 48,176.

III. ENERGY EFFICIENCY GOALS AND PROJECTED SAVINGS

As prescribed by Substantive Rule 25.181, SWEPCO's annual demand reduction goal is specified as a percent of its historical, weather-normalized, five-year average growth in demand. SWEPCO's 2011 goal is based upon the average annual growth in peak demand for the years 2006 through 2010, inclusive (the most recent historical load growth data available). The 2011 Program Year demand reduction goal to be achieved is to be at least 20% of this calculated annual growth in demand of residential and commercial customers by December 31, 2011. The 2012 Program Year demand reduction goal to be achieved is to be at least 25% of this calculated annual growth in demand of residential and commercial customers by December 31, 2012. 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 (2011 and 2012). Beginning in 2009, a utility's demand reduction goal in megawatts for any year can not be less than the previous year's goal.

Table 4 presents the actual historical annual growth in demand for the previous five years used to calculate SWEPCO's goals. Table 5 presents the projected demand reduction and energy savings, by program, for each customer class for each of the years 2011 and 2012. Projected savings reflect the estimated demand and energy savings that SWEPCO's programs are expected to achieve.

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					
2005	1,553	1,556	1,445	1,448	7,221	7,157	6,138	6,074	NAP	NAP	
2006	1,602	1,588	1,463	1,450	7,254	7,222	6,123	6,091	2	NAP	
2007	1,603	1,624	1,485	1,507	7,358	7,394	6,344	6,380	57	NAP	
2008	1,611	1,629	1,465	1,483	7,393	7,480	6,415	6,503	(23)	NAP	
2009	1,289	1,353	1,222	1,286	6,553	6,685	5,826	5,958	(197)	NAP	
2010	1,452	1,432	1,357	1,336	7,394	7,141	6,434	6,182	50	NAP	
2011	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	(22.32)
2012	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	(22.32)

⁵ Average historical growth in demand over the prior five 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)

Customer Class and Program	2011		2012	
	Projected Savings		Projected Savings	
	kW	kWh	kW	kWh
Commercial				
Commercial Solutions Pilot MTP	750	1,449,758	568	1,097,950
Commercial SOP	1,480	7,496,724	1,269	6,426,801
CoolSaver [®] A/C Tune-Up Pilot MTP	252	1,080,712	108	463,162
LED Lighting Pilot MTP	40	761,120	25	671,000
Load Management SOP	7,829	132,849	7,829	132,849
SCORE MTP	750	1,451,184	750	1,451,184
Small Business Direct Install Pilot MTP	102	407,545	102	407,545
SMART Source SM Solar PV Pilot MTP	54	104,136	54	104,139
SWEPCO CARE\$	9	29,553	9	29,553
Residential				
CoolSaver [®] A/C Tune-Up Pilot MTP	272	815,273	404	1,210,920
On-Line Customer Energy Use Audit Tool	-	-	-	-
Residential SOP	1,506	4,100,854	1,629	4,434,574
SMART Source SM Solar PV Pilot MTP	54	104,136	54	104,153
Hard-to-Reach				
Hard-to-Reach SOP	1,070	3,589,183	1,130	3,787,953
Home\$avers	174	497,712	174	497,712
Total Annual Projected Savings	14,342	22,020,739	14,105	20,819,495

IV. PROGRAM BUDGETS

Table 6 presents total projected budget allocations required to meet SWEPCO's projected demand and energy savings to be achieved for the years 2011 and 2012. The budget allocations are defined by the overall projected demand and energy savings, the avoided costs of capacity and energy specified in Substantive Rule 25.181, allocation of demand goals among customer classes, and the incentive levels by customer class. The Table 6 budget allocations are detailed by customer class, by program, and by budget categories: incentive payments, administration, and research and development (R&D).

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

2011	Incentives	Admin	R&D	Total
Commercial				
Commercial Solutions Pilot MTP	\$413,022	\$45,891		\$458,913
Commercial SOP	\$567,900	\$63,100		\$631,000
CoolSaver [®] A/C Tune-Up Pilot MTP	\$130,644	\$14,516		\$145,160
LED Lighting Pilot MTP	\$204,250	\$10,750		\$215,000
Load Management SOP	\$245,000	\$12,895		\$257,895
SCORE MTP	\$281,974	\$31,330		\$313,304
Small Business Direct Install Pilot MTP	\$165,000	\$18,333		\$183,333
SMART Source SM Solar PV Pilot MTP	\$135,000	\$15,000		\$150,000
SWEPCO CARE\$	\$90,000	\$10,000		\$100,000
Residential				
CoolSaver [®] A/C Tune-Up Pilot MTP	\$153,365	\$17,041		\$170,406
On-Line Customer Energy Use Audit Tool	\$8,505	\$1,501		\$10,006
Residential SOP	\$818,400	\$111,600		\$930,000
SMART Source SM Solar PV Pilot MTP	\$135,000	\$15,000		\$150,000
Hard-to-Reach				
Hard-to-Reach SOP	\$852,773	\$116,286		\$969,059
Home\$avers	\$373,630	\$26,370		\$400,000
Research & Development				
EPRI R&D			\$18,050	\$18,050
Heat Pump Water Heater R&D			\$37,900	\$37,900
New Manufactured Home R&D			\$37,900	\$37,900
Poultry LED R&D			\$12,500	\$12,500
LED Outdoor Parking Lot Lighting R&D			\$9,650	\$9,650
Total Budget	\$4,574,463	\$509,613	\$116,000	\$5,200,076

Table 6: (Continued)

2012	Incentives	Admin	R&D	Total
Commercial				
Commercial Solutions Pilot MTP	\$285,000	\$31,667		\$316,667
Commercial SOP	\$486,850	\$54,095		\$540,945
CoolSaver [®] A/C Tune-Up Pilot MTP	\$56,000	\$6,222		\$62,222
LED Lighting Pilot MTP	\$170,000	\$8,947		\$178,947
Load Management SOP	\$245,000	\$12,995		\$257,995
SCORE MTP	\$270,000	\$30,000		\$300,000
Small Business Direct Install Pilot MTP	\$330,000	\$17,368		\$347,368
SMART Source SM Solar PV Pilot MTP	\$135,000	\$15,000		\$150,000
SWEPCO CARE\$	\$90,000	\$10,000		\$100,000
Residential				
CoolSaver [®] A/C Tune-Up Pilot MTP	\$228,009	\$25,334		\$253,343
On-Line Customer Energy Use Audit Tool	\$8,505	\$1,501		\$10,006
Residential SOP	\$885,000	\$120,682		\$1,005,682
SMART Source SM Solar PV Pilot MTP	\$135,000	\$15,000		\$150,000
Hard-to-Reach				
Hard-to-Reach SOP	\$900,000	\$122,727		\$1,022,727
Home\$avers	\$373,630	\$26,370		\$400,000
Total Budget	\$4,597,994	\$497,908	\$0	\$5,095,902

ENERGY EFFICIENCY REPORT

V. HISTORICAL DEMAND AND ENERGY SAVINGS GOALS FOR THE PREVIOUS FIVE YEARS

Table 7 documents SWEPCO's actual demand and energy goals for the previous five years (2006-2010) calculated in accordance with Substantive Rule 25.181.

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

Calendar Year	Actual Weather Adjusted Demand Goal (MW)	Actual Weather Adjusted Energy Goal (MWh)
2010 ⁶	5.60	9,811
2009 ⁷	5.60	9,811
2008 ⁸	5.60	NAP
2007 ⁹	4.44	NAP
2006 ¹⁰	2.01	NAP

⁶ Actual weather-adjusted MW and MWh goals as reported in SWEPCO's EEPR filed April 2010 under Project No. 37982.

⁷ Actual weather-adjusted numbers from EEPR, Project No. 36689.

⁸ Actual weather-adjusted numbers from EEPR, Project No. 35440.

⁹ Actual weather-adjusted numbers from EER, Project No. 33884.

¹⁰ Actual weather-adjusted numbers from EER, Project No. 32107.

VI. PROJECTED, REPORTED AND VERIFIED DEMAND AND ENERGY SAVINGS

**Table 8: Projected versus Reported and Verified Savings for 2010 and 2009
(at the Meter)**

2010 Customer Class and Program	Projected Savings ¹¹		Reported and Verified Savings	
	kW	kWh	kW	kWh
Commercial				
Commercial Solutions Pilot MTP	1,059	2,047,059	630	2,307,809
Commercial SOP	2,330	16,216,406	904	4,551,035
CoolSaver [®] A/C Tune-Up Pilot MTP	146	401,785	4	8,231
Load Management SOP	5,600	90,246	9,297	157,541
SCORE MTP	480	928,758	1,120	3,412,786
SMART Source SM Solar PV Pilot MTP	30	40,400	84	161,520
SWEPCO Care\$	23	74,071	10	29,626
Residential				
CoolSaver [®] A/C Tune-Up Pilot MTP	165	304,462	9	18,078
Residential SOP	1,308	3,775,174	1,636	4,453,468
SMART Source SM Solar PV Pilot MTP	30	44,000	26	50,784
Hard-to-Reach				
Hard-to-Reach SOP	693	2,747,730	792	2,656,619
HomeSavers	36	326,582	235	670,440
R&D	50	292,000	0	0
Total Annual Savings	11,950	27,288,673	14,748	18,477,937

2009 ¹² Customer Class and Program	Projected Savings		Reported and Verified Savings	
	kW	kWh	kW	kWh
Commercial				
Commercial Solutions Pilot MTP	548	1,060,376	238	811,774
Commercial SOP	2,587	14,343,999	1,200	8,350,817
Load Management SOP	2,469	39,504	5,576	89,859
SCORE MTP	480	928,758	613	1,299,554
SMART Source SM Solar PV Pilot MTP	NAP	NAP	NAP	NAP
SWEPCO Care\$	20	53,000	22	69,838
Residential				
Appliance Recycling Pilot MTP	160	1,154,496	53	342,444
Residential SOP	919	2,934,287	806	2,291,279
SMART Source SM Solar PV Pilot MTP	NAP	NAP	9	17,664
TX Statewide ENERGY STAR Residential CFL MTP	60	598,791	61	607,517
Hard-to-Reach				
Hard-to-Reach SOP	692	2,137,970	954	3,783,738
HomeSavers	50	447,963	24	215,350
Total Annual Savings	7,985	23,699,144	9,556	17,879,834

¹¹ Projected savings from EEPR filed April 2010, Project No. 37982.

¹² Projected and Reported/Verified Savings from EEPR filed April 2010, Project No. 37982.

VII. HISTORICAL PROGRAM EXPENDITURES

This section documents SWEPCO's incentive and administration expenditures for the previous five years (2006-2010) detailed by program for each customer class.

Table 9: Historical Program Incentive and Administrative Expenditures for 2006 through 2010 (000's)¹³

	2010		2009		2008		2007		2006	
	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin	Incent	Admin
Commercial										
Commercial Solutions Pilot MTP	\$270.2	\$25.6	\$255.9	\$16.4	\$75.0	\$2.8	NAP	NAP	NAP	NAP
Commercial SOP	\$345.1	\$54.0	\$466.3	\$47.8	\$558.7	\$48.5	\$231.7	\$21.7	\$669.6	\$28.4
CoolSaver® A/C Tune-Up Pilot MTP	\$20.0	\$1.8	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
LED Lighting Pilot MTP	\$21.4	\$6.9	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
Load Management SOP	\$290.9	\$32.7	\$169.5	\$21.1	\$85.4	\$7.5	NAP	NAP	NAP	NAP
SCORE MTP	\$336.1	\$27.1	\$201.3	\$19.7	\$124.1	\$10.3	\$166.9	\$13.9	\$195.0	\$14.9
SMART Source SM Solar PV Pilot MTP	\$141.8	\$9.3	\$0.0	\$0.0	NAP	NAP	NAP	NAP	NAP	NAP
SWEPCO Care\$	\$98.7	\$11.6	\$84.9	\$7.1	\$90.0	\$9.2	\$79.0	\$3.3	\$99.8	\$4.8
Residential										
Appliance Recycling Pilot MTP	NAP	NAP	\$30.0	\$3.0	NAP	NAP	NAP	NAP	NAP	NAP
CoolSaver® A/C Tune-Up Pilot MTP	\$105.3	\$9.7	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
Residential SOP	\$888.8	\$98.1	\$419.3	\$48.8	\$358.5	\$47.1	\$216.8	\$20.8	\$153.5	\$19.5
SMART Source SM Solar PV Pilot MTP	\$87.1	\$5.7	\$35.8	\$6.5	NAP	NAP	NAP	NAP	NAP	NAP
TX Statewide Energy Star Residential CFL MTP	\$2.7	\$0.0	\$29.4	\$11.0	\$37.1	\$8.7	NAP	NAP	NAP	NAP
Hard-to-Reach										
Hard-to-Reach SOP	\$599.1	\$69.4	\$745.9	\$68.2	\$582.6	\$42.0	\$61.5	\$13.5	\$56.2	\$9.3
HomeSavers	\$503.3	\$33.5	\$246.4	\$26.7	\$278.5	\$25.3	\$371.5	\$14.8	\$385.5	\$14.8
M&V Auditor										
Research and Development (R&D)	\$0.0	\$185.5	\$7.3	\$136.9	\$27.1	\$27.9	\$14.9	\$3.9	NAP	NAP
Total Expenditures	\$3,710.5	\$570.9	\$2,692.0	\$413.2	\$2,217.0	\$229.3	\$1,142.3	\$91.9	\$1,559.6	\$97.2

¹³ 2010 expenditures taken from Table 10 in the current EEP: 2009 expenditures from EEP, Project No. 37982; 2008 expenditures from EEP, Project No. 36689; 2007 expenditures from EER, Project No. 35440; 2006 expenditures from EER, Project No. 33884.

VIII. PROGRAM FUNDING FOR CALENDAR YEAR 2010

As shown in Table 10, the Total Projected Budget for 2010 was \$4,423,522. Total Funds Expended for 2010 was \$4,282,043, an overall total program expenditure decrease of only 3% from the amount budgeted.

The Commercial SOP and Commercial Solutions expenditures and savings were less than anticipated. This was due to a poor economy and smaller projects. Actual customer participation had increased since 2009, however the sizes of the projects were smaller than anticipated. Therefore, funds were moved to supplement the SCORE and SMART SourceSM programs and to start a new Outdoor LED Lighting program.

Table 10: Program Funding for Calendar Year 2010 (Dollar amounts in 000's)

Commercial	Total Projected Budget	Number 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 Solutions Pilot MTP	\$473,430	38	\$270,239	\$25,553		\$295,792	\$0	\$0
Commercial SOP	\$1,007,707	20	\$345,060	\$53,935		\$398,995	\$0	\$0
CoolSaver [®] AC Tune-Up Pilot MTP	\$121,700	11	\$20,027	\$1,847		\$21,874	\$0	\$85,507
LED Lighting Pilot MTP	NAP	0	\$21,419	\$6,904		\$28,323	\$0	\$55,000
Load Management SOP	\$219,152	10	\$290,947	\$32,658		\$323,605	\$0	\$0
SCORE MTP	\$219,152	12	\$336,054	\$27,085		\$363,139	\$0	\$0
SMART Source SM Solar PV Pilot MTP	\$101,374	4	\$141,823	\$9,271		\$151,094	\$55,000	\$0
SWEPCO Care\$	\$101,374	7	\$98,714	\$11,522		\$110,236	\$0	\$0
Residential								
CoolSaver [®] A/C Tune-Up Pilot MTP	\$140,422	30	\$105,289	\$9,711		\$115,000	\$0	\$11,055
Residential SOP	\$686,934	1439	\$888,770	\$98,911		\$987,681	\$0	\$0
SMART Source SM Solar PV Pilot MTP	\$101,374	5	\$87,119	\$5,695		\$92,814	\$16,200	\$0
Appliance Recycling MTP	NAP	NAP	\$0	(\$304)		(\$304)	\$0	\$0
TX Statewide Energy Star Residential CFL MTP	NAP	NAP	\$2,732	\$235		\$2,967	\$0	\$0
Hard-to-Reach								
Hard-to-Reach SOP	\$614,703	734	\$599,149	\$69,336		\$668,485	\$0	\$0
HomeSavers	\$400,000	177	\$503,296	\$33,547		\$536,843	\$0	\$0
Research & Development	\$236,200				\$185,499	\$185,499	\$0	\$0
Total Expenditures	\$4,423,522	2487	\$3,710,638	\$385,906	\$185,499	\$4,282,043	\$71,200	\$151,562

IX. MARKET TRANSFORMATION PROGRAM RESULTS

CoolSaver[®] A/C Tune-Up Pilot MTP

SWEPSCO implemented the CoolSaver[®] MTP in 2010 as a pilot program. The program goal was to acquire 311 kW demand savings in 2010. A total of 13.66 kW was actually achieved. Six area A/C contractors purchased the diagnostic equipment and trained technicians so they could offer a more thorough diagnosis of a unit's performance. These technicians performed 41 tune-ups and 19 customers had additional work performed on the A/C unit as a result of the tune-up report recommendations.

A number of reasons contributed to the less than expected results. Some of these reasons also provide insight into the challenges of transforming the A/C tune-up market.

- The program was not fully launched until March. Finding interested contractors proved to be more difficult than had been originally anticipated. Area contractors were hesitant to buy the diagnostic equipment; financial outlay proved to be a barrier. Other contractors did not have the manpower to dedicate technicians for training on the new equipment and felt the company workload could not support additional tune-up time.
- Technicians were not trained until late April. Temperatures increased early in the summer so contractors began to do repair/replace activity; they did not have time for tune-up work.
- The data collection required by the A/C technician during the tune-up was awkward and time intensive.
- Customers were unwilling to spend additional dollars for anything other than necessary work to their unit.
- The A/C workforce is transitory; several trained technicians left the contractors' employment. This left fewer employees to perform the existing workload and additional training/re-training for the CoolSaver[®] program had to be conducted.
- The goal was probably too ambitious for the initial year of a new program, especially since it involved specialized training.

Commercial Solutions Pilot MTP (CS MTP)

SWEPSCO implemented the CS MTP in the fourth quarter of 2008 by targeting customers in the SWEPSCO service territory that met the program participation parameters. The program provided non-cash incentives such as technical assistance and communication support provided by the program implementer, as well as cash incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use. SWEPSCO contracted with CLEARResult to provide services, education and support to assist businesses in identifying critical needs and promote best practices.

For 2010, SWEPCO projected to acquire 1,059 kW demand savings from this program. SWEPCO's verified and reported results are 630 kW. This included participation by 38 customers in eight different counties.

Program participation in 2010 was better than expected, largely due to increased momentum from program outreach efforts. The increased participation did not yield the projected savings due to the smaller size of the projects. Economic uncertainty impeded customers' interest in capital investments and lengthened project commencement lead times. SWEPCO and the implementer have continued to make adjustments to the program design for 2011, including identifying more likely candidates for program participation, strategies to accelerate project completion timelines, and targeted program marketing activities.

LED Lighting Pilot MTP

SWEPCO began implementing the LED Lighting Pilot MTP in July, 2010, by marketing to customers in the SWEPCO service territory that met the program eligibility parameters. The program provided non-cash value to SWEPCO customers such as technical education and project financial calculations provided by the program implementer. SWEPCO contracted with Geavista Group to provide services, education, and support to assist customers with identifying LED lighting installation opportunities.

In 2010, there were no demand or energy savings achieved or reported; funds spent in 2010 were used to launch and market the program. Program participation in 2010 was not as high as expected, largely due to customers' lack of urgency, access to capital funds, and minimal experience of local service providers with LED technology. Uncertainty about the economy and LED technology impeded customers' interest in capital investments and, while customers expressed interest and began participating in the program, there were no projects completed in 2010. In 2011, SWEPCO and the implementer will continue to conduct additional outreach to candidates for program participation, recruit and train local service providers, and provide additional financial evaluation tools.

SCORE MTP

SWEPCO implemented this energy-smart schools MTP in pilot form in 2005. The program targeted several schools in the SWEPCO service area. SWEPCO issued a competitive solicitation Request for Proposals in 2008 to select a consultant to fully implement the program in 2009, and continued the program in 2010. The program was designed to overcome obstacles to energy efficiency projects such as the institutional disconnect between finance and facilities departments, the lack of first-hand experience

with efficiency measures, limited budgets, and the lack of management decision-making processes necessary for identifying, prioritizing, and completing projects that will improve energy performance and reduce operating costs for public schools.

The 2010 SCORE MTP provided non-cash incentives such as building energy analyses (benchmarking), energy master-planning seminars, technical assistance, communications support, and monetary incentives for the installation of documented energy efficiency measures that reduce peak demand and energy use.

For 2010, SWEPCO projected to acquire 480 kW demand savings from this program. SWEPCO verified and is reporting 1,120 kW. This included participation by 12 school districts in seven counties.

SMART SourceSM Solar PV Pilot MTP (Solar PV Pilot MTP)

The Solar PV program experienced a significant increase in participation demand in 2010, with the majority of program activity in the commercial sector. Demand savings were projected for 60 kW; verified savings are being reported at 110 kW. Funds were almost entirely reserved by August, so an additional \$50,000 was added to the budget. By the end of 2010, 73% of SWEPCO's incentive funds, including the additional funding, were expended on projects. An additional 23% was reserved but the installations were not completed until 2011.

Other highlights include:

- A bill insert was mailed to all customers in May that generated additional calls.
- Four of the approved solar installation contractors in the SWEPCO Texas service territory started solar PV installation businesses in the local area.

Research and Development

In 2010, R&D activities and projects accounted for 4% of SWEPCO's program expenses. R&D activities are intended to help SWEPCO meet future energy efficiency goals by researching new technologies and program options and developing better and more efficient ways to administer current programs. The following is a summary of R&D efforts for 2010.

Center for Commercialization of Electric Technologies (CCET)

SWEPCO is a member of CCET, whose purpose is "to enhance the safety, reliability, security, and efficiency of the Texas electric transmission and distribution system through research, development and commercialization of emerging technologies." Activities in 2010 included research for a potential

Electric Vehicle (PEV) Project and the DOE Stimulus project Technology Solutions for Wind Integration in ERCOT.

Electric Power Research Institute (EPRI) “Hyper-Efficient” Appliance R&D Project

EPRI selected SWEPCO as a host site for the “Hyper-Efficient” Appliance project. The goal of the project is to test, evaluate, demonstrate, and accelerate adoption of high efficiency refrigerators and washing machines. The refrigerators have inverter-driven compressors to adjust power output to deliver the required cooling, microprocessors to monitor temperature, and an anticipated energy reduction of approximately 20%. The washing machines exceed ENERGY STAR® standards by using less water and removing more water during the spin cycle to reduce drying requirements.

The customers’ existing appliances will be metered for 60 days to establish a baseline. After the 60-day period, the new appliances will be installed. The appliances will be monitored via internet to determine energy consumption, water consumption, water temperature, relative humidity, temperature in residence, and the number of times the refrigerator door is opened.

Due to problems with metering equipment and long delivery times for the new appliances, no new appliances were installed in 2010. The new appliance metering will begin in 2011. The appliances will be monitored until March, 2012, at which time EPRI will process the data and publish the results.

LED Lighting for Broiler Houses R&D Project

This project was designed to measure and verify the electrical demand and energy savings of LED lamps against control houses containing incandescent lamps, verify the life of the LED lamps, and evaluate the performance of the LED lamps with different dimmer technologies compared to the existing SCR (silicon controlled rectifier) dimmers.

The project consists of two broiler farms owned by the same grower. The grower replaced 60-watt incandescent feeder lamps with 10-watt LED lamps in the houses of one of the broiler farms. The lighting circuits of three houses on the LED farm and three houses on the incandescent farm were sub-metered to provide energy consumption data. The SCR dimmers on the LED farm were replaced with new, more efficient dimmers. The project is scheduled to last approximately a year with future evaluation of the LED bulbs to determine bulb life. Through three flocks of birds, the LED lights have used 6 kW and 9,840 kWh less than the incandescent bulbs in the control houses. Second, unexpected results indicate that the birds in the test houses are less active, leading to higher final bird weight. The Poultry

Science Department of Texas A&M has begun working on the project to provide data on average final bird weight and financial payout of the test houses compared to the control houses.

LED Outdoor Parking Lot Lighting R&D Project

SWEPCO partnered with a major retailer to jointly sponsor a commercial LED outdoor lighting R&D project in Longview. The primary objectives of the project are to understand the potential energy savings achievable with comparable perceived illumination, evaluate the reliability of LED lighting electronics ability to survive real world electrical disturbances, and to provide a forum to evaluate public acceptance, durability, light performance, and weather resistance.

A vendor was selected for the installation of the LED lights to replace the existing 1000-watt metal halide fixtures. A sample of the lighting circuits was sub-metered with the existing metal halide fixtures and after the installation of the LED fixtures to determine energy consumption. Photometric evaluation will also be prepared on a pre- and post-basis as well as at the approximate 6000 hour burn time to evaluate the quality of the LED lighting system. SWEPCO is splitting the R&D costs 50/50 with the retailer. The energy reduction is estimated to be at least 144,400 kWh per year. Since outdoor lighting is off-peak, minimal peak demand savings are anticipated.

Program Research and Development

- SWEPCO researched and reviewed several new program options, resulting in the addition of the LED Outdoor Lighting Pilot MTP. The program was initiated in 2010 and will continue through 2011.
- Preliminary work was performed to initiate a residential on-line energy audit tool to educate and assist customers with the voluntary reduction of their electric bills. This program is due to become active in 2011.
- SWEPCO also developed and enhanced data collection and management systems for current programs, including a new on-line web site and database for its Load Management SOP.

X. CURRENT ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF)

In Docket No. 38210, SWEPCO requested an EECRF to recover \$5,200,076, the cost of SWEPCO's energy efficiency program projected for 2011, to meet its energy efficiency objectives under PURA §39.905, and included its performance bonus of \$676,534. Also requested was a return to the customers of \$368,068 in revenue that was over-collected during 2009. SWEPCO's request was granted by the PUCT on August 19, 2010. The EECRF was made effective on December 30, 2010, the beginning of

SWEPSCO's January 2011 billing month, and is calculated to recover \$5,508,542 in energy efficiency costs.

Table 11: EECRF

Customer Class	EECRF
Residential	\$0.001260 per kWh
Commercial	\$0.000573 per kWh
Industrial	\$0.000964 per kWh
Lighting	\$0.000855 per kWh

Revenue Collected

SWEPSCO collected energy efficiency revenues during 2010 through its 2010 EECRF of \$4,907,556. This total included \$385,685, the amount approved as SWEPSCO's performance bonus for exceeding its 2008 energy efficiency goal. Therefore, SWEPSCO collected \$4,521,871 of energy efficiency program costs through its 2010 EECRF.

Program Costs Expended

SWEPSCO expended a total of \$4,282,043 for its 2010 energy efficiency programs. Although the 2010 budget was \$4,423,522, SWEPSCO experienced a lower than anticipated demand for services in some of its program offerings. Therefore, the 2010 total program expenditures were less than the amount budgeted. SWEPSCO's actual program costs were \$141,479 less than its budget in 2010.

Over- or Under-recovery

The final order in Docket No. 36961 authorized SWEPSCO to recover \$4,809,207 in energy efficiency program costs through its 2010 EECRF. However, SWEPSCO actually spent \$141,479 less on energy efficiency programs than the amount authorized to be recovered through its 2010 EECRF. As stated above, SWEPSCO collected \$4,282,043 of its program costs through its 2010 EECRF. This amount of EECRF program revenues is \$239,829 more than SWEPSCO's 2010 program expenditures, resulting in an over-recovery of \$239,829, which will be applied to the 2012 EECRF.

XI. UNDERSERVED COUNTIES

The underserved counties in the SWEPCO service territory per Substantive Rule 25.181 are Childress, Donley, Hall, Hopkins, Red River and Wheeler. Underserved counties have been defined by SWEPCO as any county for which SWEPCO did not report demand or energy savings through any of its 2010 SOPs or MTPs.

XII. PERFORMANCE BONUS

SWEPCO achieved a 14,748 kW reduction in peak demand from its energy efficiency programs offered in 2010. SWEPCO's demand reduction goal for 2010 was 5,600 kW. This achievement represents 264% of its 2010 goal, qualifying it for a performance bonus. Per Substantive Rule 25.181(h), SWEPCO is eligible for a Performance Bonus of \$856,409, which it will request within its May 1, 2011 EECRF filing for implementation in 2012.

Table 12: Energy Efficiency Performance Bonus Calculation for 2010

	kW	kWh	From Table
2010 Goals	5,600	9,811,200	7
2010 Savings			
<i>Reported/Verified Total</i>	14,748	18,477,937	8
<i>Reported/Verified Hard-to-Reach</i>	1,027		8
2010 Program Costs		\$4,282,043	10
2010 Performance Bonus		\$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))
\$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	Bonus (Minimum of Calculated Bonus and Bonus Limit)

ACRONYMS

CCET	Center for the Commercialization of Electric Technologies
CoolSaver© MTP	CoolSaver© AC Tune-Up Pilot Market Transformation Program
CS MTP	Commercial Solutions Pilot Market Transformation Program
CSOP	Commercial Standard Offer Program
DSM	Demand Side Management
EE Rule	Energy Efficiency Rule, PUC Substantive Rules 25.181 and 25.183
EECRF	Energy Efficiency Cost Recovery Factor
EEPR	Energy Efficiency Plan and Report
EER	Energy Efficiency Report, which was filed as a separate document prior to April 2008
EPRI	Electric Power Research Institute
HTR SOP	Hard-to-Reach Standard Offer Program
HTR	Hard-To-Reach
LED MTP	LED Lighting Pilot Transformation Program
LM SOP	Load Management Standard Offer Program
M&V	Measurement and Verification
MTP	Market Transformation Program
NAP	Not Applicable
NFP	Not for Profit
PLAN	Energy Efficiency Plan, which was filed as a separate document prior to April 2008
PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act

R&D	Research and Development
REPORT	Energy Efficiency Report
RSOP	Residential Standard Offer Program
SCORE MTP	Schools Conserving Resources Market Transformation Program
SOLAR PV PILOT MTP SOP	SMART Source SM Solar PV Pilot Market Transformation Program Standard Offer Program
SWEPCO CARE\$	SWEPCO CARE\$ Energy Efficiency for Not-for-Profit Agencies Program
SWEPCO	Southwestern Electric Power Company

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 five 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. Each metered point of delivery is 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 (kWhs), 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 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) -- Sections 25.181 and 25.183 of the Public Utility Commission of Texas’ 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 energy savings 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.

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

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 -- 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 -- 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.

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 50 kW.

Renewable demand side management (DSM) technologies -- Equipment that uses a renewable energy resource (renewable resource), as defined in PUC Substantive Rule 25.173(c) (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-- A county that did not report any demand or energy savings through a prior year's SOP or MTP.

APPENDIX A:

**REPORTED AND VERIFIED DEMAND AND ENERGY REDUCTION
BY COUNTY**

Appendix A: Reported and Verified Demand and Energy Reduction by County

Program		Bowie	Camp	Cass	Collingsworth	Franklin	Gregg	Harrison	Marion	Morris	Panola	Rusk	Shelby	Smith	Titus	Upshur	VanZandt	Wood
Commercial SOP	kw	132					510	47			25				114			78
	kWh	407,816					2,753,522	261,593			107,477				911,627			109,000
Commercial Solutions	kw	283		8			129	101			85		5			2		18
	kWh	888,699		30,282			542,770	428,688			334,201		13,995			788		68,386
CoolSaver AC Tune-Up MTP	kw	5					7								0			0
	kWh	9,402					13,170					2,877			40			820
Hard-to-Reach SOP	kw	38	24	76			358	158	68	50			1		1	11		1
	kWh	81,134	60,511	247,846			1,087,301	684,048	218,145	201,676		12,281	7,947		1,708	53,153		868
HomeSavers	kw	112	2	27		6	3		1	22		39			24			
	kWh	317,373	3,443	69,410		22,965	7,772		1,482	84,617		98,289			65,090			
Load Management	kw	3,159					4,424	416				1,299						
	kWh	75,809					40,588	9,981				31,164						
Residential SOP	kw	395	118	8	18	2	745	114	9	30		8		3	174	11	1	1
	kWh	891,847	405,284	18,951	22,642	5,066	1,830,505	353,829	40,508	129,503		11,579		13,596	690,936	36,102	1,543	1,577
SCORE	kw	282		36			781	14			6	0				2		
	kWh	581,072		72,166			2,710,804	35,208			12,143	413				980		
SMART Source MTP	kw	16				3	78	9								5		
	kWh	29,952				6,400	149,888	16,464								9,600		
SWEPCO CARES	kw	5					4	1										
	kWh	13,362					12,729	3,535										
Totals per County	kw	4,425	144	154	18	11	7,039	859	78	102	115	1,353	6	3	314	31	1	97
	kWh	3,296,466	469,238	438,655	22,642	34,431	9,149,048	1,793,346	260,135	415,796	453,821	156,603	21,942	13,596	1,669,401	100,623	1,543	180,651

The following counties had no installations for calendar year 2010: Childress, Donley, Hall, Hopkins, Red River, and Wheeler.

APPENDIX B:

PROGRAM TEMPLATES

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

APPENDIX C:

EXISTING CONTRACTS OR OBLIGATIONS

SWEPCO does not have any Existing Contracts or Obligations documentation to provide.

APPENDIX D:

OPTIONAL SUPPORTING DOCUMENTATION

SWEPSCO provides the following Optional Supporting Documentation.

SMART SourceSM Solar PV Pilot Market Transformation Program

This bill insert was included in all SWEPCO customer bills during the month of May.



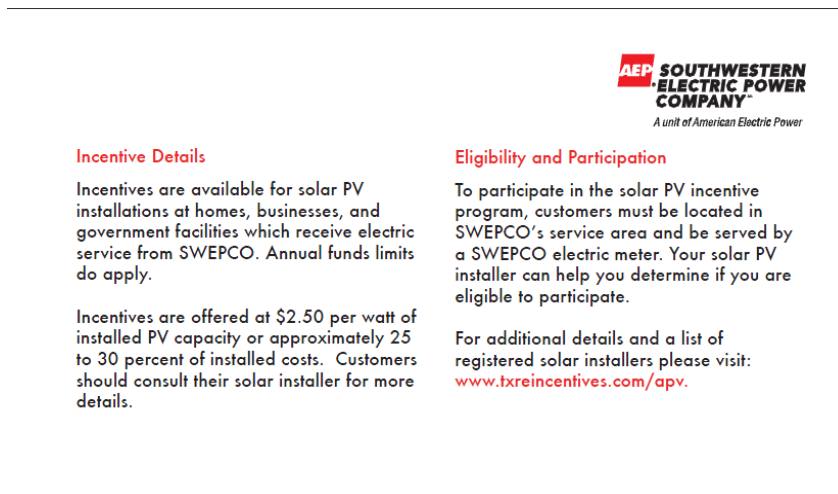
Introducing: SWEPCO's SMART SourceSM Solar PV Program

What is solar photovoltaic (PV)?
Solar PV systems are a renewable energy resource that convert sunlight directly to electrical energy through a pollution-free process.

SWEPCO's SMART Source Program provides cash incentives to help offset the cost of installing solar energy systems. By coupling program incentives with federal renewable energy tax credits, investing in solar becomes more attractive.

AEP SOUTHWESTERN ELECTRIC POWER COMPANY
A unit of American Electric Power

www.txreincenives.com/apv



AEP SOUTHWESTERN ELECTRIC POWER COMPANY
A unit of American Electric Power

Incentive Details

Incentives are available for solar PV installations at homes, businesses, and government facilities which receive electric service from SWEPCO. Annual funds limits do apply.

Incentives are offered at \$2.50 per watt of installed PV capacity or approximately 25 to 30 percent of installed costs. Customers should consult their solar installer for more details.

Eligibility and Participation

To participate in the solar PV incentive program, customers must be located in SWEPCO's service area and be served by a SWEPCO electric meter. Your solar PV installer can help you determine if you are eligible to participate.

For additional details and a list of registered solar installers please visit:
www.txreincenives.com/apv.

Commercial Standard Offer Program

Compressed Air Seminar: Attendees listen as guest speaker Scott Stroupe discusses ways for facilities to make their compressed air systems more efficient. Over 50 local facilities personnel attended the all- day event.



Commercial Standard Offer Program

SWEPCO's Carolyn Bass presents Springhill ISD Maintenance Director Billy Miller with an incentive for participation in the 2010 SWEPCO SCORE program.



SWEPCO CARE\$

CARE\$ assisted two of the Community Connections agencies with new air conditioning units and T8 lighting replacements.

"We had 14 different locations over a period of 20 years. That was not good for the children served nor parents needing those services."

Shirley Hook
Director of See Saw Children's Place



Susan Richards, left, and Shirley Hook, founders of Community Connections, have seen their dreams of a one-stop service shop materialize.

Kevin Green
News-Journal Photo

One-stop service shop

Resource center offers home for service agencies

BY MIKE ELSWICK
melswick@news-journal.com

Community Connections is an idea that made sense to Shirley Hook and Susan Richards.

They put their convictions on the line by investing a good part of nearly four years to make their idea of a one-stop shop for a variety of social service agencies a reality. Community Connections is the result of their effort and will be celebrating its first anniversary Thursday with an open house and a nearly full facility.

Hook, the director of See Saw Children's Place, and Richards, the executive director of the Parenting Resource Center, said they believed Longview and Gregg County residents needing a variety of services could benefit from having the operations under one roof. They pitched their idea to local officials, did their research, visited other cities where similar ideas were succeeding, and then pitched their idea some more.

The idea of a central social services location in Longview was first proposed in 2006. See *COMMUNITY*, Page 6A



Kevin Green/News-Journal Photo

Pine Tree ISD Parent Teacher Organization volunteers Toni Sharp, left, and Mary Suits sort through clothes Thursday in the closet for the district at Community Connections in Longview.

If you go

- **What:** Community Connections Open House
- **Why:** To celebrate the entity's first anniversary
- **When:** 4 to 6 p.m. Thursday

- **Where:** Community Connections, 501 Pine Tree Road, on the former Pine Tree Primary School campus
- **Contact:** (903) 297-2215; connections501@att.net

About Community Connections

Community Connections is a central location for organizations to provide employment, education, health and human services which efficiently use resources to promote self-sufficiency, self-reliance and wellness.

10/25/10

Community

From Page 1A

The concept is modeled on similar facilities in Fort Worth and Jacksonville, they said.

On Oct. 28, 2009, the fruits of the efforts opened in an abandoned Pine Tree school.

Hook said her experience in working with See-Saw Children's Place, which was formerly Camp Fire, prompted her to spend the time to help her agency and others.

Benefits

"We had 14 different locations over a period of 20 years," she said. That was not good for the children served nor parents needing those services.

"This is the first time we've had both classroom space and office space in the same location," Hook said. "One of the biggest benefits for us is the stability."

Paula Ellis was brought on board in the spring as executive director of Community Connections to help manage the demands and workload that taking care of a 37,000-square-foot multi-use facility can have.

"Each of the agencies that have located here have taken the same basic kind of space and made it their own," Ellis said. Nearly all of the leased office space were former classrooms.

The agencies are charged a rate of 50 cents per square foot, which she said is substantially less than they would pay in privately owned space.

"Besides the cost, a major benefit is in the networking they do," Ellis said. Many of the agencies at Community Connections serve similar or the same population.

Sarah Radulescu, a counselor, said that aspect of networking and of knowing well the services that each entity offers make providing referrals much simpler for clients.

"It's a really good match," she said. "I work with a lot of children and people on Medicaid so this is really a perfect fit for me."

LaTonya Bailey, staff supervisor for Right At Home, a service agency to help the elderly, said Community Connections has been ideal as her Tyler-based agency has expanded its services into Longview.

"We're a non-medical organization that provides care like giving medical reminders, doing light housekeeping and providing transportation services," Bailey said. The agency, which does not take Medicare or Medicaid, fills a niche for elderly people who need the services but may not qualify for aid.

Ellis said another benefit to the agencies at Community Connections is they have use of common areas like conference rooms and break rooms.

Carol Ibarra, an advocate with the Women's Center of East Texas, said clients also often need the services of the East Texas Literacy Council, which offers English-as-a-second language classes next door.

Future plans

Ellis said renovation work is expected to start soon on the lower level of the building. That should open up opportunities for additional nonprofit organizations to benefit from the synergy that being in close proximity to other service groups can provide, she said.

One of the newest clients is the Pine Tree Clothes Closet, an effort to provide students who might not be able to afford clothing for school with quality used clothing.

Terre Dunn, who serves on the Pine Tree ISD school board, was working with other volunteers recently sorting and organizing clothing.

"This is just perfect for us," Dunn said.

Students who use the boutique are referred by teachers and are allowed to pick out clothing in a non-school environment so they are not embarrassed by using the facility, she said.

SMART SourceSM Solar PV Pilot Market Transformation Program

The Longview News-Journal printed this interview with the installation contractor for the largest solar project, to date in Longview. The installation is on a building leased to the Veteran's Administration Clinic.

MONDAY

October 25, 2010

news-journal.com

Dallas company brings green energy to city

BY JIMMY ALFORD
jalford@news-journal.com

As a teen driving a yellow 1966 Chevrolet SS in Longview, Larry McGuffin wouldn't have dreamed he'd be leading the way in green energy. In the 1970s, green energy wasn't even a concept.

McGuffin, 55, a 1974 Longview High School graduate, and Mike Flahie,

64, a 1966 LHS graduate, have set up Longview's first large-scale solar panel array. The \$300,000 project sits atop the Veteran's Administration Clinic building owned by Beer Wells Real Estate Services.

McGuffin is president of Dallas-based EvSolar Energy, and the Longview project is his company's first. It's also what most people think a solar array

looks like.

The roof is covered with white rubber matting, and the solar panels are cylindrical tubes that hang about a foot above the rooftop on platforms. The shape of the panels allows them to collect both direct and reflected sunlight throughout the day.

"The system can produce about 100 kilowatt
See SOLAR, Page 6A

Robert Plum and Mike Flahie of EvSolar Energy check the power output of solar panels installed on the roof of the Veterans Affairs outpatient clinic on Tuesday in Longview.



Michael Cavazos
News-Journal Photo

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hours," McGuffin said. "That's enough to power 10 homes."

Though it's not enough to power the building during the work week, it will significantly reduce how much energy is consumed from the regular power grid, he said. On the weekends, the system will most likely create surplus electricity, McGuffin said.

"We just started this year," McGuffin said. "Some people ask how we're able to create such a system right out of the box."

McGuffin said there really is no trick to his company's success. He said there are two parts to a system: engineering and implementation. If a system is designed well, then implementation is easy.

Flahie is the electrical engineer on the project, and he's been climbing up and down off the VA Clinic's roof checking all the connections and making sure everything goes smoothly. He said maintenance on the system will be easy, because nothing is bolted down.

"Don't worry, they aren't going to fly off; they are self-ballasted," Flahie said. "Also, they're not flat like most solar panels, which allows air to flow easily."

McGuffin said he didn't have to work to sell the idea to Beer Wells. He said the company wanted to install the system.

"It wasn't a question of if, it was just where," McGuffin said. "They wanted to do this."

Flahie and McGuffin said they met in Oklahoma City in 1981 during the "great computer age." Flahie was an engineer, and McGuffin was a Radio Shack district manager.

McGuffin said he had been thinking about what he wanted to do with the rest of his life and decided he wanted to do something to help people.

"I think everyone has their reasons for being environmentally friendly," McGuffin said. "We've been technologists for our whole career, and this is a way to cut costs for people and businesses."