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SOUTHWESTERN PUBLIC SERVICE COMPANY
ENERGY EFFICIENCY REPORT FOR TEXAS

Southwestern Public Service Company
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March 31, 2007

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Southwestern Public Service Company
2007 Annual Energy Efficiency Report for the 2006 Program Year

I. Executive Summary

Southwestern Public Service Company dba Xcel Energy (SPS) voluntarily files the following report in accordance with Substantive Rules § 25.181(g) (5) and § 25.183 (d) and represents SPS's Annual Energy Efficiency Report for the calendar year 2006.

In 2006, SPS continued to follow the contracts for third party bid programs (Noresco, CSG Bright Lights, and CSG Lighten up). Commission approved energy efficiency programs made available in 2006 included the Residential and Small Commercial Standard Offer Program (RES SOP), Hard-to-Reach Standard Offer Program (HTR SOP), Commercial and Industrial Standard Offer Program (C&I SOP) and the Air Conditioning Distributor Market Transformation Program (AC Dist. MTP).

II. Actual Growth in Demand

SPS's actual retail growth in demand for calendar year 2006 was 67 MW. This peak demand growth is weather normalized peak demand measured at the source for the Texas service territory only.¹

III. Projected Annual Growth & Corresponding Goals (at Source)

Budget Year	Projected Average Annual Growth in Demand	Projected MW Goal (5%)	Actual Average Annual Growth in Demand	Actual MW Goal Based on Average Annual Growth (5%)
2006	72	3.592	76	3.81

IV. Comparison of Projected Savings to Reported Savings

The unexpected actual average growth in demand contributed to a shortfall in meeting our goal. In total, our programs produced 2.739 MW demand reduction at the meter, or 2.945 MW reduction at the source.

¹ The estimate of actual retail growth in demand was made by allocating Texas demand from total system demand in proportion to Texas versus total system retail sales.

Table 1: Calendar Year 2006 Summary

Program	Projected Savings		Contracted Savings		Reported Savings	
	kW	MWh	kW	MWh	kW	MWh
Residential SOP	--	--	936	1,361	936	1,463
Small Commercial	--	--	111	128	111	138
Total Residential and Small Commercial	803	2,999	1,047	1,489	1,047	1,601
Hard-to-Reach SOP	134	706	506	853	506	918
C&I SOP	1,239	5,427	1,683	5,534	1,359	3,504
AC Dist MTP	307	940	33	45	33	45
Total SOP/MT Programs	2,483	10,072	3,269	7,922	2,945	6,068
TDHCA Weatherization Contract	NAV	NAV	NAV	NAV	NAV	NAV
Total	2,483	10,072	3,269	7,922	2,945	6,068

In addition to the programs mentioned above, SPS made payments to, and accrued demand and energy savings from, four additional third-party energy efficiency programs during 2006. A brief background of these four programs is provided here.

Pursuant to the settlement agreement in Docket No. 13827², SPS conducted an all-source resource solicitation in 1996-97 to procure cost-effective demand-side resources. As a result of this solicitation, SPS entered into four third-party “pay for performance” contracts with three Energy Service Companies (ESCOs): Noresco, UCONS, and Planergy. The Planergy contract was subsequently acquired by and assigned to Conservation Services Group (CSG). These contracts range in duration from six to fourteen years. Also as a part of this settlement agreement, SPS contracted with the Texas Department of Housing and Community Affairs (TDHCA) to provide energy efficiency assistance to low-income customers.³

The following table shows program savings information for the three third-party contracts that were in effect during the 2006 calendar year. These programs differ from the Standard

² Docket No. 13827: *Application of Southwestern Public Service Company for Approval of Notice of Intent for a 203 MW Phillips Cogeneration Project and a 103 MW Combustion Turbine Project.*

³ The TDHCA program produces new installations each year. Savings are included in SPS’s annual energy efficiency program results and counts toward the Company’s energy efficiency goal. TDHCA program impacts are included in Table 1.

Offer Programs (SOP) and Market Transformation Programs (MTP) programs in that payments are made each year for savings realized in that year.

Therefore, the following savings reflect the annual kW and kWh savings that were produced in 2006, by measures installed in previous years.

Table 2: Third –Party Contracts – 2006 Calendar Year

Program	Projected Savings		Contracted Savings		Reported Savings	
	kW	kWh	kW	kWh	kW	kWh
Noresco	7,000	48,804,624	7,700	53,685,086	5,482	32,987,858
CSG Brightlights	0	6,888,000	0	7,576,800	0	440,660
CSG Lighten Up	2,089	10,210,000	2,298	11,231,000	2,385	7,276,361
Total	9,089	65,902,624	9,998	72,492,886	7,867	40,704,879

V. Program Funding

The following table shows program funding for the statewide Standard Offer Programs and Market Transformation Programs approved by the Commission.

Table 3: Calendar Year 2006

Program	Budget	Funds Expended (Incentives)	Funds Expended (Including Admin.)	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
2006 RES SOP	--	\$366,537		0	-
2006 Small Commercial	--	\$39,464		0	-
Total 2006 Residential and Small Commercial	\$564,810	\$406,001	\$462,482	0	\$102,328
2006 HTR SOP	\$208,119	\$361,043	\$381,854	0	(\$173,735)
2006 C&I SOP	\$672,428	\$365,383	\$432,626	0	\$239,802
2006 AC Dist MTP	\$166,842	\$9,850	\$26,534	0	\$140,308
TDHCA	\$300,000	\$300,000	\$300,000	0	
Total	\$1,912,199	\$1,442,277	\$1,603,496	\$0	\$308,703

In addition to the values in Table 3, SPS incurred a charge against the statewide evaluation project. SPS's share of that project was \$7,562.76.

The following table shows program funding information for the five third-party programs that were ongoing during the 2006 calendar year. These program expenditures reflect payments for incremental kW and kWh savings that were realized in 2006, not for measures installed in 2006.

Table 4 :Third-Party Programs - Calendar Year 2006

Program	Budget	Funds Expended (Incentives)	Funds Expended (with Admin.)	Funds Committed (Not Expended)	Funds Remaining (Not Committed)
Noresco	\$781,159	\$705,809.68	\$705,809.68	--	--
CSG Bright Lights	\$40,961	--	--	--	--
CSG Lighten Up	\$210,323	--	\$17,156.00	--	--
Total	\$1,032,443	\$705,810	\$722,966	--	--

In 2006, SPS initiated M&V activities for the Lighten Up Program. These activities included a review of M&V documentation submitted by the contractor, as well as the application of certain PUCT-approved deemed savings estimates for certain measures with missing or incomplete M&V data. The preliminary findings of the review resulted in reductions in program savings and payments to the contractor.

SPS requested recovery for these third-party energy efficiency program costs in Docket No. 22351. However, this proceeding was terminated after the Texas Legislature delayed retail competition in the SPS service area. Thus, these program costs are not being recovered through SPS's retail rates.

VI. Explanation of a Total Program Cost decrease of more than 10%

SPS's total 2006 program cost did not decrease by more than 10%.

VII. Most Current Information for Standard Offer and Market Transformation Programs by Customer Class

Customer Class	Number of Customers	Reported Savings	
		kW	kWh
Large Commercial & Industrial	45	1,359	3,503,625
Residential /Small Commercial			
Residential	1,206	936	1,463,401
Small Commercial	9	111	137,719
Total (<i>Res/SC</i>)	1,215	1,047	1,601,120
AC Distributor	70	33	45,308
Hard-to-Reach	642	506	917,522
TOTAL	1,972	2,945	6,067,574

Excludes TDHCA and other third-party program impacts

VIII. Description of proposed changes in the energy efficiency plans

SPS's 2007 Energy Efficiency Plan removes the AC Distributor Program from the Company's portfolio. It may be replaced with an alternative program depending on SPS's progress with the Company's core standard offer programs.

Xcel was a participant in the statewide evaluation of energy efficiency programs that took place during 2005 and 2006. We have not made adjustments to our program impacts based on the evaluator's finding as Xcel had adopted many of the proposed changes prior to its 2006 program release.

IX. 2006 SOP and MTP kW and kWh Savings by County

The following tables list the program savings at the meter.

**CALENDAR YEAR 2006
RESIDENTIAL STANDARD OFFER PROGRAM**

County	kW	kWh
Armstrong	1.34	10,297
Cochran	3.76	2,803
Deaf Smith	1.45	6,082
Hockley	20.22	145,910
Hutchinson	12.51	20,217
Lubbock	7.99	6,416
Moore	4.04	3,197
Parmer	3.28	2,662
Potter	517.48	706,063
Randall	297.7	453,223
Roberts	1.01	4,094
TOTAL	870.76	1,360,963

**CALENDAR YEAR 2006
SMALL COMMERCIAL STANDARD OFFER PROGRAM**

County	kW	kWh
Castro	11.74	8,703
Potter	25.94	62,384
Randall	65.21	56,991
Total	102.89	128,078

**CALENDAR YEAR 2006
HARD-TO-REACH STANDARD OFFER PROGRAM**

County	kW	kWh
Armstrong	8.61	11,223
Deaf Smith	6.53	15,647
Hockley	5.21	9,010
Lubbock	40.9	45,597
Moore	2.02	1,726
Parmer	1.26	1,269
Potter	315.68	596,271
Randall	90.78	172,553
Total	470.99	853,295

**CALENDAR YEAR 2006
COMMERCIAL & INDUSTRIAL STANDARD OFFER PROGRAM**

County	kW	kWh
Deaf Smith	42.19	180,049
Hale	542.12	1,211,871
Hockley	7.63	32,434
Lubbock	129.42	411,387
Potter	377.91	912,722
Randall	164.38	509,908
Total	1,263.65	3,258,371

**CALENDAR YEAR 2006
AIR CONDITIONING DISTRIBUTOR MARKET TRANSFORMATION
PROGRAM**

County	kW	kWh
Hale	3.32	5,914
Lubbock	1.42	2,745
Potter	1.28	1,243
Randall	14.53	18,880
Wheeler	9.92	13,354
Total	30.47	42,136

X. Inspection Results

Following are inspection results for the Residential and Hard-to-Reach Standard Offer Programs offered in 2006:

Table 5: Inspection Results

Program	Measures Installed	Measures Inspected	Percent Inspected	% Failures*
Residential SOP	1,881	296	15.74%	2.26%
Hard-to-Reach SOP	1,379	284	20.59%	2.01%

* % Failure = cumulative inspection failure rate of kW savings

SPS also offered a Large C&I Standard Offer and an Air Conditioning Distributor Market Transformation program in 2006.

Small Commercial SOP and Large C&I SOP: SPS conducts 100% pre- and post-inspections on its Large C&I and Small Commercial projects. Any discrepancies at the application or installation reporting stage are corrected by the sponsor before submitting

their final savings report and incentive invoice. Final adjustments include both SPS's findings as well as results from any measurement and verification work performed by the sponsor.

Air Conditioner Distributor Market Transformation Program: The AC Distributor program is classified as a market transformation program. As such, SPS reports changes in market adoption of high efficiency equipment, and places less emphasis on the particular installation of an individual customer.

XI. 2006 SOP and MTP kW and kWh Savings by Month

The following tables list the program savings at the meter.

CALENDAR YEAR 2006 – ALL SOP AND MT PROGRAMS

Month/Year	Total	
	kW	kWh
1/2006	-	-
2/2006	15	42,551
3/2006	165	230,247
4/2006	342	453,533
5/2006	56	117,308
6/2006	134	463,311
7/2006	20	57,909
8/2006	27	96,653
9/2006	299	578,806
10/2006	420	1,128,315
11/2006	693	1,326,026
12/2006	568	1,148,182
Summary	2,739	5,642,841

CALENDAR YEAR 2006 – RESIDENTIAL STANDARD OFFER PROGRAM

Month/Year	Total	
	kW	kWh
1/2006	0	0
2/2006	0	0
3/2006	109.74	133,947
4/2006	255.77	337,724
5/2006	12.21	16,502
6/2006	108.3	272,139
7/2006	0	0
8/2006	0	0
9/2006	0	0
10/2006	91.69	183,790
11/2006	66.27	113,625
12/2006	226.79	303,235
Summary	870.76	1,360,963

CALENDAR YEAR 2006 – SMALL COMMERCIAL STANDARD OFFER PROGRAM

Month/Year	Total	
	kW	kWh
1/2006	0	0
2/2006	0	0
3/2006	0	0
4/2006	0	0
5/2006	7.43	6,000
6/2006	0	0
7/2006	0	0
8/2006	0	0
9/2006	0	0
10/2006	0	0
11/2006	95.47	122,078
12/2006	0	0
Summary	102.89	128,078

CALENDAR YEAR 2006 – HARD-TO-REACH STANDARD OFFER PROGRAM

Month/Year	Total	
	kW	kWh
1/2006	0	0
2/2006	15.1	42,551
3/2006	54.8	96,300
4/2006	85.95	115,809
5/2006	4.32	14,438
6/2006	25.64	191,172
7/2006	0	0
8/2006	0	0
9/2006	0	0
10/2006	67.2	100,368
11/2006	84.7	114,622
12/2006	133.27	178,034
Summary	470.99	853,295

**CALENDAR YEAR 2006 – LARGE COMMERCIAL & INDUSTRIAL STANDARD
OFFER PROGRAM**

Month/Year	Total	
	kW	kWh
1/2006	0	0
2/2006	0	0
3/2006	0	0
4/2006	0	0
5/2006	32.51	80,368
6/2006	0	0
7/2006	12.62	45,305
8/2006	21.18	90,459
9/2006	299.21	578,806
10/2006	254.92	834,081
11/2006	436.33	963,637
12/2006	206.86	665,715
Summary	1,263.64	3,258,371

**CALENDAR YEAR 2006 – AC DISTRIBUTOR MARKET TRANSFORMATION
PROGRAM**

Month/Year	Total	
	kW	kWh
1/2006	0	0
2/2006	0	0
3/2006	0	0
4/2006	0	0
5/2006	0	0
6/2006	0	0
7/2006	7.08	12604
8/2006	5.9	6194
9/2006	0	0
10/2006	6.08	10076
11/2006	10.19	12,064
12/2006	1.22	1198
Summary	30.47	42,136