Q. PLEASE DESCRIBE SWEPCO'S DEMAND REDUCTION GOAL FOR 2011 AND THE RESULTS THAT WERE ACHIEVED IN 2011.

A. SWEPCO's required demand reduction goal for 2011 was 5.6 MW. SWEPCO achieved 15.03 MW of peak demand savings from its 2011 energy efficiency programs, which was 268% of the calculated demand reduction goal.

Q. WHAT WERE THE HIGHLIGHTS OF SWEPCO'S 2011 ENERGY EFFICIENCY RESULTS?

A. The most notable achievement was exceeding its minimum demand reduction goal of 5.6 MW by 168%. Several programs contributed to this successful achievement, most notably: SWEPCO's Load Management SOP exceeded its projected demand reduction by 845 kW, the Commercial SOP exceeded its projected demand reduction by 178 kW, the Hard-To-Reach SOP exceeded its projected demand reduction by 148 kW, and the Commercial Solutions Pilot MTP exceeded its projected demand reduction by 62 kW.

Q. PLEASE DESCRIBE THE AMOUNT OF DEMAND REDUCTION THAT SWEPCO ACHIEVED FROM ITS HARD-TO-REACH PROGRAMS IN 2011.

A. In 2011, SWEPCO achieved 1,218 kW of demand reduction from its Hard-To-Reach SOP and 129 kW from the Home$avers program. The total from both hard-to-reach programs was 1,347 kW in demand reduction.

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

A. Yes, SWEPCO achieved 24% of its demand reduction goal from its hard-to-reach programs in 2011.

Q. DOES SWEPCO REQUEST A PERFORMANCE BONUS FOR HAVING ACHIEVED A DEMAND REDUCTION THAT EXCEEDED ITS GOAL FOR 2011?

A. Yes, it does. Ms. Deville discusses the $977,719 performance bonus requested by SWEPCO for its 2011 results.

B. 2013 Programs

Q. WHAT PROGRAMS WILL SWEPCO OFFER IN 2013 TO ACHIEVE THE ENERGY EFFICIENCY OBJECTIVES?

A. SWEPCO will offer the following programs in 2013:

- Commercial Solutions MTP
- Commercial SOP
- CoolSaver©AC Tune-up MTP
- Hard-to-Reach SOP
- Home$avers (Low-Income Weatherization Program)
- Load Management SOP
- On-Line Home Energy Checkup
- Residential SOP
- Residential Pilot Under Development
- SCORE^{SM} MTP
- Small Business Direct Install Pilot MTP

- SMART Source[SM] Solar PV MTP
- SWEPCO CARE$ Energy Efficiency Improvement Program for Not-for-Profit Agencies

Q. WILL SWEPCO BE OFFERING ANY NEW PROGRAMS IN 2013?

A. Yes, SWEPCO intends to offer a residential program currently under development. At this time, SWEPCO has not determined the specific program it will offer.

Q. WHAT IS THE PROPOSED BUDGET FOR EACH PROGRAM IN 2013?

A. Schedule A details the proposed budget for each of SWEPCO's programs in 2013.

Q. WHAT ARE THE EXPECTED SAVINGS FROM EACH PROGRAM IN 2013?

A. Schedule G contains the expected savings from each program in 2013.

VI. CONCLUSION

Q. IS THE PROJECTED AMOUNT FOR 2013 CONSISTENT WITH THE APPLICABLE COMMISSION RULE.

A. SWEPCO's calculation of its goals and projected energy efficiency costs to be incurred in 2013 and included in the EECRF comply with the Commission's rules. The minimum goals for SWEPCO to achieve in 2013 are a demand reduction of 5.6 MW and an energy savings of 9,811 MWh. These energy efficiency goals are calculated in accordance with the Commission's rules. As discussed above and in SWEPCO witness Deville's testimony, SWEPCO has followed the intention of PURA §39.905 and the Commission's rule that utilities be encouraged to achieve as much energy efficiency savings as reasonably possible within the limitations in the statute and the rule. Therefore, SWEPCO has established energy efficiency objectives

for 2013 that exceed the minimum goals contained in the rule. SWEPCO projects that $5,200,026 is a reasonable estimate of the costs necessary to provide an adequate portfolio of energy efficiency programs to meet SWEPCO's demand reduction objectives for 2013 in furtherance of PURA §39.905 and PUC SUBST. R. 25.181.

Q. IS THE EXPENDED AMOUNT FOR 2011 CONSISTENT WITH THE APPLICABLE COMMISSION RULE?

A. Yes, it is. The costs of $4,888,597 incurred in connection with the 2011 energy efficiency programs were reasonable and necessary to provide energy efficiency to residential and commercial customers and were properly calculated.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

PUC DOCKET NO. _____

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

SOUTHWESTERN ELECTRIC POWER COMPANY

TO ADJUST

ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

DIRECT TESTIMONY OF

SHAWNNA G. JONES

FOR

SOUTHWESTERN ELECTRIC POWER COMPANY

MAY 1, 2012

TESTIMONY INDEX

I. INTRODUCTION AND PURPOSE OF TESTIMONY

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

A. My name is Shawnna Jones. I am employed as a Regulatory Consultant in the Regulatory Services Department of American Electric Power Service Corporation (AEPSC). AEPSC is a subsidiary of American Electric Power Company, Inc. (AEP) that provides corporate support services to the operating subsidiaries of AEP, including Southwestern Electric Power Company (SWEPCO). My business address is 212 East Sixth Street, Tulsa, Oklahoma 74119-1295.

Q. PLEASE BRIEFLY DESCRIBE YOUR CURRENT JOB RESPONSIBILITIES.

A. As a Regulatory Consultant for AEPSC, my job duties include providing testimony, rate review analysis and support, cost of service and pricing analysis, and regulatory compliance services for the AEP operating companies. I have been involved in regulatory rate review proceedings since 1996. I have a Bachelor's Degree in Economics from the University of Mississippi and a Master's Degree in Economics from the University of Oklahoma.

Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE THIS COMMISSION?

A. Yes, I have previously sponsored testimony before the Public Utility Commission of Texas (PUC or Commission) primarily related to annual true-ups of transition charges for AEP Texas Central Company. The most recent true-up filings were made in Docket Nos. 39448 and 39869 in 2011. I have also sponsored testimony before the Arkansas Public Service Commission and the Louisiana Public Service Commission.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. PUC SUBST. R. 25.181(f) provides for a cost recovery factor to compensate a utility for its reasonable expenditures on energy efficiency programs as well as a performance bonus for exceeding its minimum goals. The purpose of my testimony is to: (1) support the calculation of the annual redetermination of SWEPCO's Energy Efficiency Cost Recovery Rider (EECRF) factors, and (2) support the revised tariff (Rider EECRF) accompanying this filing to be effective with the first billing cycle for January 2013, which occurs on December 31, 2012.

Q. WHAT SCHEDULES IN THIS FILING DO YOU SPONSOR?

A. I sponsor Schedule C (Development of Class EECRF Cost Recovery Factors), Schedule D (Updated Energy Efficiency Cost Recovery Rider) and Schedule L (Development of Forecasted Billing Units). Schedule C shows the calculation of the revised 2013 EECRF factors. The factors are calculated by dividing energy efficiency costs for each EECRF rate class by the forecasted 2013 billing units for each class. Energy efficiency costs include projected 2013 energy efficiency program costs plus estimated 2013 Evaluation, Measurement and Verification (EM&V) costs, a true-up adjustment for the return to customers of the over-recovery of 2011 program costs, and the 2011 performance bonus. Schedule D contains the revised Rider EECRF, which sets forth the adjusted EECRF factors by rate class.

Schedule L includes the development of the forecasted kWh billing units for January through December 2013, the effective period for the revised EECRF factors.

The 2013 kWh forecast is allocated to EECRF rate classes based on billed kWh from January through December 2011.

II. ENERGY EFFICIENCY REVENUE REQUIREMENT

Q. WHY IS SWEPCO REQUESTING APPROVAL OF REVISED EECRF FACTORS?

A. PUC SUBST. R. 25.181(f)(4) requires a utility with an EECRF to apply no later than May 1 of each year to adjust its EECRF in order to reflect changes in costs and performance bonuses and minimize any over- or under-collection in prior years' program costs. Ordering Paragraph No. 4 from the Final Order in Docket No. 39359, SWEPCO's most recent EECRF factor update, reiterates that SWEPCO may apply to adjust its EECRF by the May 1 deadline. SWEPCO is currently billing its customers the 2012 EECRF factors approved in Docket No. 39359. SWEPCO is requesting that the EECRF factors be revised for 2013 to include projected 2013 energy efficiency program costs plus 2013 estimated EM&V costs, a true-up of an over-recovery of 2011 EECRF revenue compared to actual 2011 costs, and SWEPCO's 2011 performance bonus for demand reduction that exceeded the 2011 minimum goal. The updated Rider EECRF with revised factors is proposed to be effective December 31, 2012, the first billing cycle for January 2013.

Q. IS SWEPCO CURRENTLY RECOVERING ANY ENERGY EFFICIENCY COSTS IN ITS BASE RATES?

A. No. Energy efficiency costs are not currently included in SWEPCO's base rates established in Docket No. 37364, SWEPCO's last general rate case proceeding. All energy efficiency costs are recovered through SWEPCO's EECRF.

Q. WHAT IS THE REVENUE REQUIREMENT SWEPCO IS REQUESTING THROUGH THE REVISED EECRF?

A. SWEPCO is requesting $6,004,205 to be recovered in 2013 through its revised EECRF Rider pursuant to PUC SUBST. R. 25.181(f)(1) and supported by witnesses Paul E. Pratt and Lana L. Deville. The $6,004,205 includes $5,200,026 of projected 2013 energy efficiency program costs plus estimated 2013 EM&V costs of $150,674 and a $977,719 performance bonus for 2011 less a $324,214 over-recovery of EECRF revenues compared to actual costs in 2011.

Q. EXPLAIN THE EM&V COSTS INCLUDED IN THE REVENUE REQUIREMENT.

A. SWEPCO includes estimated 2013 EM&V costs in the revenue requirement pursuant to Project No. 39674, *Rulemaking Proceeding to Amend Energy Efficiency Rules,* which proposes to allow EM&V costs to be included the EECRF calculation. Since the proposed rule contemplates that EM&V costs will be incurred in 2013, SWEPCO is including $150,674 estimated share of statewide EM&V costs in this filing. SWEPCO witness Deville addresses in her direct testimony how the estimated statewide EM&V cost was determined and the basis for determining SWEPCO's share of the total statewide EM&V cost. SWEPCO plans to true up the 2013 EM&V costs along with other 2013 program costs in SWEPCO's EECRF filing to be made in 2014.

Q. HOW ARE 2013 PROGRAM COSTS ASSIGNED TO EACH EECRF RATE CLASS?

A. 2013 program costs are assigned to EECRF rate classes on a program-by-program basis following the methodology from the Final Order in Docket No. 39359 approving SWEPCO's 2012 EECRF. The EECRF rate classes in the EECRF tariff are Residential, Commercial, Industrial and Lighting. When a program is directly associated with a specific EECRF rate class, the cost of the program is directly assigned to that class. For example, Workpaper Schedule A includes program detail totaling the 2013 program costs of $5,200,026. One program is the Residential Standard Offer Program with projected expenditures of $995,682 for 2013. This program applies to residential customers; therefore all of its costs are directly assigned to the Residential EECRF rate class.

Q. ARE SOME COSTS ALLOCATED TO EECRF RATE CLASSES?

A. Yes. If there is not a direct relationship of a program cost to an EECRF rate class, an allocator is used to distribute costs among applicable rate classes. For example, the Small Business Direct Install Pilot Market Transformation Program applies to both Commercial and Industrial customers; therefore the costs for that program are allocated to those two rate classes using the 2013 adjusted production demand allocation factor. Likewise, since Research and Development costs and the EM&V costs are not directly attributable to specific rate classes, the costs are allocated using the 2013 adjusted production demand allocation factor for all EECRF rate classes.

Q. PLEASE DESCRIBE THE 2013 ADJUSTED PRODUCTION DEMAND ALLOCATION FACTOR USED TO ALLOCATE COSTS THAT ARE NOT DIRECTLY ASSIGNED TO RATE CLASSES.

A. The production demand allocator from SWEPCO's last rate case in Docket No. 37364 is adjusted using 2013 projected kWh and also adjusted to remove transmission customers at or above 69 kV and lighting customers, both of which are not eligible for energy efficiency programs at this time. This adjustment is shown in Schedule C workpapers.

Q. HOW IS THE 2011 TRUE-UP DETERMINED?

A. The true-up in Schedule C includes 2011 EECRF revenues by rate class (less the 2009 performance bonus and 2009 true-up) compared to actual 2011 program costs by rate class. Most program costs are directly assigned to rate classes based on the participation of customers in a rate class in a given program. Some non-residential program costs, however, have been allocated among the non-residential EECRF rate classes using the 2011 adjusted production allocation factor from Docket No. 38210, as the costs were incurred in 2011. This follows the methodology in the Final Order from Docket No. 39359, which used the 2010 adjusted production allocation factor to allocate 2010 true-up costs not directly assigned to rate classes. The 2011 true-up results in an over-collection of $324,214 to be returned to customers through the revised 2013 EECRF factors.

Q. HOW IS THE 2011 PERFORMANCE BONUS ALLOCATED TO EECRF RATE CLASSES?

A. The 2011 performance bonus included in Schedule C is allocated to EECRF rate classes using the 2011 adjusted production allocation factor from Docket No. 38210 excluding the lighting class. This also follows the methodology from the Final Order in Docket No. 39359.

Q. ARE SOME RATE CLASSES EXCLUDED FROM PAYING EECRF CHARGES?

A. Yes, customers taking service at 69 kV and above are not eligible for participation in energy efficiency programs in 2013; therefore they are not assigned or allocated any costs. In addition, the lighting class has not been assigned or allocated any 2013 costs since there are no programs currently available to lighting customers.

III. DEVELOPMENT OF REVISED ENERGY EFFICIENCY COST RECOVERY FACTORS

Q. HOW ARE THE EECRF FACTORS DETERMINED?

A. Once the EECRF class revenue requirement is developed and assigned to rate classes as discussed in the previous section, the EECRF factors are calculated by dividing the revenue requirement for each EECRF rate class by the 2013 projected billing units for each rate class. The EECRF factors will be applied to the current month's billed kWh of each retail customer eligible to participate in energy efficiency programs. The 2013 EECRF factors are shown in Schedule C and the revised Rider EECRF is contained in Schedule D.

Q. PLEASE DESCRIBE THE 2013 FORECASTED BILLING UNITS USED IN THE DEVELOPMENT OF THE EECRF FACTORS.

A. As part of the normal course of business, AEP projects monthly kWh sales and demand growth factors for each of its operating companies, including SWEPCO. The AEPSC Forecasting Department provided monthly sales forecasts for the projected energy efficiency budget year of January through December 2013. Because the monthly kWh sales are projected on a total retail and revenue class basis, rate class forecasted kWh sales had to be established by first determining each class's percentage of total retail sales based on twelve months of historical kWh sales data. Sales data for the twelve months ending December 2011 were used. Forecasted kWh sales by class were then calculated by multiplying each class's percentage of total retail kWh sales by the total retail forecasted kWh sales. The annual class projected kWh sales were used to determine the adjusted 2013 EECRF factors. Schedule L specifies the process for determining the projected kWh sales by class.

Q. WHAT ARE THE REVISED 2013 EECRF FACTORS?

A. The revised 2013 EECRF factors by rate class are:

Rate Class	kWh Factor
Residential	$0.001171
Commercial	$0.000791
Industrial	$0.000065
Lighting	($0.000755)

Q. DO THE REVISED EECRF FACTORS EXCLUDING EM&V COSTS FALL BELOW THE MAXIMUM PRICE PER KWH FOR RESIDENTIAL AND NON-RESIDENTIAL CLASSES AS SPECIFIED IN PUC SUBST. R. 25.181(f)(8)?

A. Yes, they do. PUC SUBST. R. 25.181(f)(8) recognizes two classes of customers, residential and nonresidential. SWEPCO's revised residential factor excluding

EM&V costs is $.001143 per kWh, which is below the residential maximum price of $.0012 per kWh for 2013 as stated in PUC SUBST. R. 25.181(f)(8)(B) and also falls below SWEPCO's previously approved residential rate of $.00126 per kWh. SWEPCO's combined nonresidential class includes Commercial, Industrial and Lighting EECRF rate classes. The maximum non-residential rate per kWh for 2013 is $.00075 per kWh stated in PUC SUBST. R. 25.181(f)(8)(D). The updated nonresidential class factor without EM&V costs is $.000694 per kWh as shown in Schedule C, which does not exceed the cap for the non-residential class.

Q. HOW HAS SWEPCO TREATED THE ESTIMATED EM&V COSTS WHEN DETERMINING WHETHER THE PROPOSED EECRF FACTORS EXCEED THE LIMITATIONS DETAILED IN PUC SUBST. R. 25.181(f)(8)?

A. SWEPCO has not included the estimated 2013 EM&V costs in its determination of the EECRF factor limitations based on proposed PUC SUBST. R. 25.181(q)(12)(B) from Project No. 39674, which states that the EM&V costs shall not count against the utility's cost caps or administration spending caps. SWEPCO has included in Schedule C the total EECRF factor calculation including estimated 2013 EM&V costs and a separate calculation of the limitation on EECRF factors without the estimated 2013 EM&V costs. The EECRF factors calculated without the estimated 2013 EM&V costs are slightly lower than the total EECRF factors. SWEPCO is requesting recovery of the estimated 2013 EM&V costs through the total proposed EECRF factor as shown on adjusted Rider EECRF, Schedule D in this filing.

Q. HAVE YOU PROVIDED THE REVISED TARIFF REFLECTING UPDATED EECRF FACTORS?

A. Yes. The proposed Rider EECRF shown in Schedule D includes the changes from the current tariff. SWEPCO requests that the Commission approve an adjusted Rider EECRF containing the proposed rate class kWh factors to be effective with the first billing cycle of January 2013 (December 31, 2012).

IV. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. SWEPCO is asking for recovery of $6,004,205 through its adjusted EECRF, which amount includes projected 2013 energy efficiency program costs of $5,200,026, estimated EM&V costs of $150,674, an adjustment for the over-recovery of $324,214 in 2011 program costs, and SWEPCO's 2011 performance bonus of $977,719. SWEPCO's current base rates do not include energy efficiency costs.

The adjusted energy efficiency revenue requirement has been assigned to the EECRF classes on a direct program-by-program assignment when possible; otherwise an adjusted production demand allocator is used to allocate costs. Recovery of the revenue requirement is based on projected 2013 kWh sales for all rate classes eligible for the EECRF.

Q. WHAT RELIEF IS SWEPCO REQUESTING IN THIS PROCEEDING?

A. SWEPCO is requesting that Rider EECRF contained in Schedule D be approved effective with the first billing cycle of January 2013 (December 31, 2012).

Q. HAVE THE REQUESTED EECRF FACTORS BEEN CALCULATED IN A MANNER CONSISTENT WITH PUC SUBST. R. 25.181 AND THE METHODOLOGY FROM DOCKET NO. 39359?

A. Yes, they have.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

Schedule A

2013 Projected Energy Efficiency Budget

	2013				
Customer Class and Program	**Incentives**	**Administrative Costs**	**Research and Development**	**Evaulation, Measurement & Verification**	**Total Budget**
Commercial					
Commercial Solutions Pilot MTP	**$324,900**	**$36,100**			**$361,000**
Commercial SOP	**$462,846**	**$51,427**			**$514,273**
Load Management SOP	**$268,845**	**$14,150**			**$282,995**
SCORE MTP	**$355,500**	**$39,500**			**$395,000**
Small Business Direct Install Pilot MTP	**$470,250**	**$24,750**			**$495,000**
SMART Source[SM] Solar PV Pilot MTP	**$180,000**	**$20,000**			**$200,000**
SWEPCO CARE$	**$90,000**	**$10,000**			**$100,000**
Residential					
CoolSaver[©] A/C Tune-Up Pilot MTP	**$220,408**	**$32,935**			**$253,343**
On-Line Home Energy Checkup	**$8,705**	**$1,301**			**$10,006**
Residential SOP	**$866,243**	**$129,439**			**$995,682**
Residential Program Under Development	**$174,000**	**$26,000**			**$200,000**
SMART Source[SM] Solar PV Pilot MTP	**$90,000**	**$10,000**			**$100,000**
Hard-to-Reach					
Hard-to-Reach SOP	**$715,772**	**$106,955**			**$822,727**
Home$avers	**$373,630**	**$26,370**			**$400,000**
Research & Development			**$70,000**		**$70,000**
Total Budget	**$4,601,099**	**$528,927**	**$70,000**		**$5,200,026**

Evaluation, Measurement & Verification (EM&V)					
Evaluation, Measurement & Verification (EM&V)				**$150,674**	**$150,674**
Total Budget including EM&V					**$5,350,700**

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

Calculation of the Limit of SWEPCO's 2013 Energy Efficiency Program Costs

There is no limit for program costs after 2009.

Schedule C
Energy Efficiency Costs Included in Base Rates

SWEPCO does not currently recover energy efficiency costs through base rates.

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of Adjusted EECRF by Customer Class

2013 Program Costs Above Base Rates Including EM&V	$5,350,700	89.12%
2011 Actual Program Costs Over Recovery	($324,214)	-5.40%
2011 Calculated Performance Bonus	$977,719	16.28%
Adjusted EECR Revenue Requirement	$6,004,205	100.00%

Class	Adjusted EECR Revenue Requirement	2013 Forecasted Billing Unit	2013 Proposed EECR Factor	Unit
Residential	$2,909,575	2,483,726,904	$0.001171	kWh
Commercial	$3,137,098	3,963,599,428	$0.000791	kWh
Industrial	$19,359	297,621,102	$0.000065	kWh
Lighting	($61,826)	81,872,506	($0.000755)	kWh
Total	$6,004,205	6,826,819,940		

Class	2013 EECR
Residential	$0.001171
Non-Residential	$0.000713

Calculation of Non-Residential per kWh Rate	
2013 Rev Req	$3,094,631
2013 kWh	4,343,093,036
Combined per kWh	$0.000713

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of Adjusted EECRF Excluding EM&V by Customer Class

2013 Program Costs Above Base Rates excluding EM&V	$5,200,026	88.84%
2011 Actual Program Costs Over Recovery	($324,214)	-5.54%
2011 Calculated Performance Bonus	$977,719	16.70%
Adjusted EECR Revenue Requirement excluding EM&V	$5,853,531	100.00%

Class	Adjusted EECR Revenue Requirement excluding EMV	2013 Forecasted Billing Unit	2013 Proposed EECR Factor excluding EM&V	Unit
Residential	$2,838,783	2,483,726,904	$0.001143	kWh
Commercial	$3,062,204	3,963,599,428	$0.000773	kWh
Industrial	$14,371	297,621,102	$0.000048	kWh
Lighting	($61,826)	81,872,506	($0.000755)	kWh
Total (excluding EM&V)	$5,853,531	6,826,819,940		

Class	2013 EECR Factor excluding EM&V	2013 Cap	Rate/Cap Diff	Diff * Class kWh
Residential	$0.001143	$0.001200	$0.000057	$141,572.43
Non-Residential	$0.000694	$0.000750	$0.000056	242,570.97

Calculation of Non-Residential per kWh Rate	
2013 Rev Req	$3,014,749
2013 kWh	4,343,093,036
Combined per kWh	$0.000694

Sponsor: Shawnna G. Jones

Schedule C
Calculation of 2013 Program Costs Class Factor

2013 Energy Efficiency Program Costs	Schedule A	$5,200,026
Energy Efficiency Costs Included In Base Rates	Schedule B	$0
2013 Program Costs Less Base Rate Allocation	Schedule B	$5,200,026
Residential Directly Assigned 2013 Program Costs	Schedule A	$2,781,758
Nonresidential Directly Assigned 2013 Program Costs	Schedule A	$2,348,268
Allocated R&D 2013 Program Costs	Schedule A	$70,000
2013 Energy Efficiency Program Costs	Schedule A	$5,200,026
Allocated E,M&V 2013 Budget Costs	Schedule A	$150,674
Total 2013 Budget	Schedule A	$5,350,700

Commercial Class Direct Assignment	$2,232,544
Industrial Class Direct Assignment	$115,724
Total Nonresidential Direct Assignment	$2,348,268

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Class	Residential / Nonresidential 2013 Directly Assigned Program Costs*	2013 R&D Non-Specific Allocation	2013 Program Costs with R&D Allocation	Evaluation, Measurement & Verification	2013 Program Costs Less Total Base Rate Allocation + EMV	Adjusted Class Allocation Factor	Weighted Nonresidential Class Allocator	2013 Forecasted Billing Unit	2013 Program Cost Factor	Unit
Residential	$2,781,758	$32,888	$2,814,646	$70,792	$2,885,438	46.98%		2,483,726,904	$0.001162	kWh
Commercial	$2,232,544	$34,794	$2,267,339	$74,894	$2,342,232	49.71%	93.76%	3,963,599,428	$0.000591	kWh
Industrial	$115,724	$2,317	$118,041	$4,988	$123,029	3.31%	6.24%	297,621,102	$0.000413	kWh
Lighting	$0	$0	$0	$0	$0	0.00%	0.00%	81,872,506	$0 000000	kWh
Total	$5,130,026	$70,000	$5,200,026	$150,674	$5,350,700	100.00%	100.00%	6,826,819,940		

*Directly assigned costs include directly assigned program and directly assigned R&D costs.
Those program costs directly assigned to the commercial classes are then allocated intra-class using a weighted commercial class demand allocator.

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of 2011 Over Recovery Class Factor

2011 Residential Energy Efficiency Expenditures + R&D	$2,436,352
2011 Actual Residential Energy Efficiency Factor Program Revenues	$2,851,808
2011 Residential Over Recovery	($415,456)
2011 Commercial Energy Efficiency Expenditures + R&D	$2,361,218
2011 Actual Commercial Energy Efficiency Factor Program Revenues	$2,040,283
2011 Commercial Over Recovery	$320,936
2011 Industrial Energy Efficiency Expenditures + R&D	$90,406
2011 Actual Industrial Energy Efficiency Factor Program Revenues	$258,273
2011 Industrial Over Recovery	($167,867)
2011 Lighting Energy Efficiency Expenditures + R&D	$621
2011 Actual Lighting Energy Efficiency Factor Program Revenues	$62,448
2011 Lighting Over Recovery	($61,826)
2011 Total Energy Efficiency Expenditures + R&D	$4,888,597
2011 Actual Total Energy Efficiency Factor Program Revenues	$5,212,811
2011 Total Over Recovery	($324,214)

Class	2011 Over Recovery	2011 Weighted Class Allocation Factor	2011 Nonresidential Weighted Class Allocation Factor	Allocation Method	2013 Forecasted Billing Unit	2011 Over Recovery Factor	Unit
Residential	($415,456)	44.24%		4CP A&E	2,483,726,904	($0.000167)	kWh
Commercial	$320,936	47.70%	85.54%	4CP A&E	3,963,599,428	$0.000081	kWh
Industrial	($167,867)	6.46%	11.59%	4CP A&E	297,621,102	($0.000564)	kWh
Lighting	($61,826)	1.60%	2.88%	4CP A&E	81,872,506	($0.000755)	kWh
Total	($324,214)	100.00%	100.00%		6,826,819,940		

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of Performance Bonus Class Factor

Requested 2011 Performance Bonus $977,719

Class	Performance Bonus	2011 Adjusted Class Allocation Factor	Allocation Method	2013 Forecasted Billing Unit	Performance Bonus Factor	Unit
Residential	$439,592	44.96%	4CP A&E	2,483,726,904	$0.000177	kWh
Commercial	$473,930	48.47%	4CP A&E	3,963,599,428	$0.000120	kWh
Industrial	$64,197	6.57%	4CP A&E	297,621,102	$0.000216	kWh
Lighting	$0	0.00%	4CP A&E	81,872,506	$0.000000	kWh
Total	$977,719	100.00%		6,826,819,940		

Per Docket No. 39359, the performance bonus is allocated based on the allocators used in the time period in which the bonus was achieved.

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Allocation of EM&V Budget

Evaluation, Measurement & Verification Budget $150,674

Class	EM&V	2013 Adjusted Class Allocation Factor	Allocation Method	2013 Forecasted Billing Unit	Performance Bonus Factor	Unit
Residential	$70,792	46.98%	4CP A&E	2,483,726,904	$0.000029	kWh
Commercial	$74,894	49.71%	4CP A&E	3,963,599,428	$0.000019	kWh
Industrial	$4,988	3.31%	4CP A&E	297,621,102	$0.000017	kWh
Lighting	$0	0.00%	4CP A&E	81,872,506	$0.000000	kWh
Total	$150,674	100.00%		6,826,819,940		

Per Docket No. 39359, the performance bonus is allocated based on the allocators used in the time period in which the bonus was achieved.

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

2013 Energy Efficiency Program Costs	$6,004,205

Rate Classes	2013 Forecasted Billing Unit	2013 Adjusted EECRF Costs	2013 Proposed EECRF Cost Recovery Factor	Unit
Residential Rate Class				
Total Residential Rate Class	2,483,726,904	$2,909,575	$0.001171	
Commercial Rate Class		$3,137,098		
General Service	310,487,525	$245,595.63	$0.000791	kWh
Lighting & Power Service Secondary	2,625,828,565	$2,077,030.39	$0.000791	kWh
Lighting & Power Service Primary	926,322,741	$732,721.29	$0.000791	kWh
Municipal Pumping Service	69,447,030	$54,932.60	$0.000791	kWh
Municipal Service	25,640,365	$20,281.53	$0.000791	kWh
NT Commercial Service	-	$0.00	$0.000791	kWh
Recreational Lighting	2,011,735	$1,591.28	$0.000791	kWh
NT Cotton Gin Service	3,861,467	$3,054.42	$0.000791	
Total Commercial Rate Class	3,963,599,428	$3,135,207.14	$0.000791	
Industrial Rate Class		$19,359		
Large Lighting & Power Service - Pri	58,138,385	$3,779.00	$0.000065	kWh
Large Lighting & Power Service - Pri Sub	187,896,447	$12,213.27	$0.000065	kWh
Interruptible Power Service	-	$0.00	$0.000065	kWh
Metal Melting Service Distribution	9,295,412	$604.20	$0.000065	kWh
Oil Field Large Power Service	41,831,589	$2,719.05	$0.000065	kWh
NT Large Power Service Sub	-	$0.00	$0.000065	kWh
NT Electric Furnace Service	459,269	$29.85	$0.000065	kWh
Total Industrial Rate Class	297,621,102	$19,345.37	$0.000065	
Industrial 69 kV & Above		$0		
Metal Melting Service 69 kV & Above	57,410,701	-	$0.000000	kWh
Large Lighting & Power Service - 69 kV	146,080,952	-	$0.000000	kWh
Large Lighting & Power Service - 138 kV	217,356,294	-	$0.000000	kWh
Lighting & Power Service Transmission	32,148,696	-	$0.000000	kWh
Interruptible Power Service	100,919,039	-	$0.000000	kWh
Contract with Lone Star Steel	448,172,996	-	$0.000000	kWh
Total Industrial Excluding 69 kV & Above	1,002,088,678		$0.000000	kWh
Lighting Rate Class		($61,826)		
Total Lighting Rate Class	81,872,506	($61,813.74)	($0.000755)	
Total SWEPCO	7,828,908,618	$6,002,313.31		
Total SWEPCO less 69 kV & above	6,826,819,940	$6,004,205.49		

SOUTHWESTERN ELECTRIC POWER COMPANY
Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees
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ENERGY EFFICIENCY COST RECOVERY RIDER

APPLICABILITY

Rider Energy Efficiency Cost Recovery Factor (EECRF) recovers the cost of energy efficiency programs not included in base rates and is applicable to the kWh of Retail *Customers* taking retail service from the Company. P.U.C. SUBST. R. 25.181(f)(4) provides that no later than May 1 of each year, a utility with an EECRF shall apply to adjust the EECRF in order to adjust for changes in costs and bonuses and to minimize any over- or under-collections of energy efficiency costs resulting from the use of the EECRF. The EECRF filed by May 1 of each year will be calculated in accordance with the following methodology and will be applied to the billing kWh billed by the Company.

Rates Included In Major Rate Classes*

Residential
Residential Service
Rider for Controlled Service to Water Heater

Industrial
Large Lighting & Power Service
Standby Service D,T
Electric Furnace Service D,T
Metal Melting Service Distribution
Oil Field Large Industrial
Supplementary, Backup, Maintenance and As-Available Power Service
Interruptible Power Service

Commercial Service
General Service
Lighting & Power Service
Municipal Pumping Service
Municipal Service
As Available Standby Power Service
Cotton Gin
Recreational Lighting
Customer Supplied Lighting

Lighting Service
Street Lighting Service
Municipal Street Lighting Service
Municipal Street & Parkway Lighting Service
Public Highway Lighting Service
Private Lighting Service
Area Lighting Service
Outdoor Lighting Service
Highway Lighting Service

*excludes transmission 69 kV & above customer classes

SOUTHWESTERN ELECTRIC POWER COMPANY
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ENERGY EFFICIENCY COST RECOVERY RIDER

AVAILABILITY
The following factors will be applied to the energy usage (metered or unmetered) of retail customers taking service from the Company.

MONTHLY RATE

Rate Schedule	Rate Code*	Factor Per kWh	
Residential Service	012,015,016, 019,037, 038,062	$0.001171	R,T T
Rider to Residential Service For Controlled Service to Water Heater	011		D,T D,T
General Service	200,203,204,205,206, 207,208,209,210,212, 215,218,219,224,235, 238,282	$0.000791	I,T T T T
Cotton Gin	253	$0.000791	I
Lighting & Power Service Sec	060,063,240,243,292	$0.000791	I
Lighting & Power Service Pri	066,246,247,249,251, 276,277	$0.000791	I,T T
Large Lighting and Power Service Pri	346,351	$0.000065	R
Electric Furnace Service	312	$0.000065	R
Interruptible Service	323,324	$0.000065	R
Metal Melting Service Distribution	325	$0.000065	R
Oil Field Large Industrial Power Schedule	329	$0.000065	R
Municipal Pumping Service	540,541,543,550	$0.000791	I,T
Municipal Service	544,545,548	$0.000791	I
Municipal Lighting Service	528,529,534,535,538, 539,739	($0.000755)	R,T

SOUTHWESTERN ELECTRIC POWER COMPANY
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ENERGY EFFICIENCY COST RECOVERY RIDER

Private & Area Lighting	090,094,096,098,104, 108,112,115,132,135, 137,138,140,141,142, 143	($0.000755)	R
Outdoor Lighting Service	099,100,101,102,105,106, 116,117,118,119,120,128, 129,130,203	($0.000755)	R
Highway Lighting Service	521,532	($0.000755)	R

*Rate codes may be added or discontinued during the year. Any new rate code will be billed the EECR rate based on the customer's applicable Rate Schedule.

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

Schedule E

2013 Projected Energy Efficiency Goals and Objectives

2013 Projected Savings						
Calendar Year	**Average Growth in Demand (MW)**	**MW Goal (% of Growth in Demand)**	**Demand Reduction Goal (MW)**	**Energy Savings Goal (MWh)**	**Projected Demand Reduction (MW)**	**Projected Energy Savings (MWh)**
2013	-18.04	30%	5.60	9,811	15.11	21,473

1. SWEPCO's 2013 Demand Reduction Goal is based on SUBST. R. 25.181 (e)(3)(B) which states that, Unless the commission establishes a goal for a utility under paragraph (2) of this subsection,

2. Please see p. 7-9 of Mr. Pratt's testimony for an explanation of how the Projected Demand Reduction and Energy Savings Targets were determined.

SWEPCO **Schedule F**

2013 Energy Efficiency Cost Recovery Factor

2013 Energy Efficiency Programs

PROGRAM	CUSTOMER CLASS	DESCRIPTION
Commercial Solutions Market Transformation Program	Commercial	Provides energy efficiency and demand reduction solutions for commercial customers identified as having a need for energy efficiency improvements but needing support from an outside source. Facilitates the examination of actual demand and energy savings, operating characteristics, program design, long-range energy efficiency planning, and overall measure and program acceptance by the targeted customers. Incentives are paid to customers served by SWEPCO for certain measures installed in new or retrofit applications, which provide verifiable demand and energy savings.
Commercial Standard Offer Program	Commercial	Provides incentives for the retrofit installation of a wide range of measures that reduce customer energy costs and reduce peak demand and/or save energy in non-residential facilities. Customer sites include hotels, schools, manufacturing facilities, restaurants, and larger grocery stores. These customers have installed such eligible measures as lighting retrofits, new or replacement chiller systems, high efficiency pumping systems, and other similar technologies. Incentives are paid to third-party project sponsors on the basis of deemed savings. If deemed savings have not been established for a particular qualifying energy efficiency measure, then incentives may be paid on the basis of verified peak demand and/or energy savings using the International Performance Measurement and Verification Protocol.
Load Management Standard Offer Program	Commercial	Targets commercial customers that have a minimum demand of 500 kW or more. Incentives are paid to project sponsors that can identify interruptible load and provide curtailment of this electric load on short notice. These payments are based on the delivery of metered demand reduction.
SWEPCO CARE$ Energy Efficiency for Not-for-Profit Agencies	Commercial	Targets a specific segment of commercial customers that are not-for-profit agencies whose primary purpose is to provide various services for the hard-to-reach customer population. Proposals are submitted by the agencies for payment of the cost of installing energy efficiency improvements in their administrative facilities. Contracts are awarded to those agencies with proposals for the most comprehensive energy efficiency projects. With lower electric bills, a larger share of agency funds will be available for hard-to-reach client assistance.

SWEPCO **Schedule F**

2013 Energy Efficiency Cost Recovery Factor

2013 Energy Efficiency Programs

SCORE Market Transformation Program	Schools	Provides energy efficiency and demand reduction solutions for public schools. SCORE will facilitate the examination of actual demand and energy savings, operating characteristics, program design, long-range energy efficiency planning and overall measure and program acceptance by the targeted cities and schools. Incentives are paid to public school partners served by SWEPCO for certain measures installed in new or retrofit applications which provide verifiable demand and energy savings.
Small Business Direct Install Pilot MTP	Commercial	Program is 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. 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
SMART Source Solar PV Market Transformation Program	Residential/Commercial	Provides residential customers a financial incentive of $2.50/watt for installations of solar electric (photovoltaic) systems interconnected on the customer's side of the electric service meter. 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 economies of scale.
CoolSaver AC Tune-up Market Transformation Program	Residential	Designed to overcome two market barriers: high performance air conditioning system tune-ups for residential and small commercial customers and air conditioning contractors who are unable to accurately convey to these customers why they should be receiving high performance tune-ups. The program will offer assistance to contractors in obtaining the tools and expertise that will allow them to develop quantitative savings information. This will further enable contractors to convey the value of the tune-up and maintenance services to the customers with the intent of educating and influencing their decisions to request these services in the future.
On-Line Home Energy Checkup	Residential	The On-Line Home Energy Checkup is designed to provide a web-based, do-it-yourself home energy audit that equips residential customers with valuable information to help them

SWEPCO **Schedule F**

2013 Energy Efficiency Cost Recovery Factor

2013 Energy Efficiency Programs

		manage their energy use and cost. The program will be available for all SWEPCO Texas customers that have access to the internet. 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.
Residential Standard Offer Program	Residential	Provides incentives for the installation of a wide range of measures that reduce residential customer energy costs and reduce peak demand. It is also designed to encourage private sector delivery of energy efficient products and services. Incentives are paid to project sponsors for eligible measures installed in retrofit applications on the basis of deemed savings. Eligible measures include replacement air conditioners, wall and ceiling insulation and air distribution duct improvements.
Residential Pilot Under Development	Residential	At this time, SWEPCO has not determined the type of specific program it will offer
Hard-to-Reach Standard Offer Program	Hard-to-Reach	Targets a specific subset of residential customers as defined by P.U.C. Subst. R. §25.181(c)(16). The hard-to-reach customer has a total household income that is less than 200% of the federal poverty guidelines. The program provides incentives for the installation of a wide range of measures that reduce residential customer energy costs and reduce peak demand. It is designed to cost-effectively provide energy efficiency improvements to individual households at no or very low cost. Incentives are paid to project sponsors for eligible measures on the basis of deemed savings. Eligible measures include replacement air conditioners, wall and ceiling insulation and air distribution duct improvements in existing homes.
Home$avers	Low-Income	Targets low-income residential customers with annual household incomes at or below 125% of the federal poverty guidelines for the purpose of cost-effectively reducing their energy consumption and costs. Program implementers provide eligible weatherization and energy efficiency measures for eligible HTR customers based on testing procedures and corresponding savings-to-investment ratios.

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

Schedule G

2013 Projected Energy Efficiency Goals and Objectives

2013		
Customer Class and Program	**Projected Demand Reduction (MW)**	**Projected Energy Savings (MWh)**
Commercial		
Commercial Solutions MTP	0.59	2,162
Commercial SOP	1.21	5,044
Load Management SOP	8.73	241
SCORE MTP	0.65	1,619
Small Business Direct Install Pilot MTP	0.55	2,201
SMART Source℠ Solar PV MTP	0.10	192
SWEPCO CARE$	0.01	37
Residential		
CoolSaver© A/C Tune-Up MTP	0.28	692
Residential SOP	1.52	5,093
Residential Pilot Under Development	0.25	645
SMART Source Solar PV MTP	0.05	96
On-Line Customer Energy Use Audit Tool	0.00	0
Hard-to-Reach		
Hard-to-Reach SOP	1.03	3,116
Home$avers	0.13	334
Research & Development		
Total Annual Projected Savings	**15.11**	**21,473**

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

Schedule H

2011 Actual Energy Efficiency Expenditures

2011				
	Incentives Paid	**Administrative Costs**	**Research & Development**	**Total Funds Expended**
Commercial				
Commercial Solutions Pilot MTP	**$458,703**	**$45,081**		**$503,784**
Commercial SOP	**$635,103**	**$101,701**		**$736,803**
CoolSaver© AC Tune-Up Pilot MTP	**$132,614**	**$10,964**		**$143,578**
LED Lighting Pilot MTP	**$33,888**	**$5,801**		**$39,689**
Load Management SOP	**$266,988**	**$35,019**		**$302,006**
SCORE MTP	**$278,717**	**$30,236**		**$308,953**
Small Business Direct Install Pilot MTP	**$67,748**	**$12,470**		**$80,218**
SMART Source^{SM} Solar PV Pilot MTP	**$204,333**	**$14,342**		**$218,675**
SWEPCO Care$	**$67,561**	**$6,937**		**$74,498**
Residential				
CoolSaver© AC Tune-Up Pilot MTP	**$56,835**	**$4,699**		**$61,534**
On-Line Home Energy Checkup		**$5,281**		**$5,281**
Residential SOP	**$808,938**	**$110,501**		**$919,440**
SMART Source^{SM} Solar PV Pilot MTP	**$52,721**	**$3,700**		**$56,421**
Hard-to-Reach				
Hard-to-Reach SOP	**$848,418**	**$116,148**		**$964,566**
Home$avers	**$373,040**	**$25,866**		**$398,906**
Research & Development				
Research & Development			**$74,245**	**$74,245**
Totals	**$4,285,607**	**$528,746**	**$74,245**	**$4,888,597**

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

Description of Grandfathered Load Management Standard Offer Programs for Industrial Customers

PUC Substantive Rule §25.181(t):

> **Grandfathered programs.** An electric utility that offered a load management standard offer programs for industrial customers prior to May 1, 2007 shall continue to make the program available, at 2007 funding and participation levels, and may include additional customers in the program to maintain these funding and participation levels. Notwithstanding subsection (c)(8)[1], an industrial customer may be considered an eligible customer for programs that will be completed no later than December 31, 2008.

SWEPCO's portfolio of energy efficiency programs did not include a load management standard offer program prior to May 1, 2007. Therefore, there are no such grandfathered programs for industrial customers, since both the funding and participation levels by industrial customers prior to May 1, 2007 were zero.

[1] SUBST. R. 25.181(t) erroneously references subsection (c)(7).

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

Calculation of Any Over-/Under-Recovery of Energy Efficiency Costs

PUC Substantive Rule §25.181(f):

> (4) Not later than May 1 of each year, a utility with an EECRF shall apply to adjust the EECRF in order effective in January of the following year. An application filed pursuant to this paragraph shall reflect changes in program costs and bonuses and shall minimize any over- or under-collection of energy efficiency costs resulting from the use of the EECRF. The EECRF shall be designed to permit the utility to recover any under-recovery of energy efficiency program costs or return any over-recovery of costs.
>
> (6) The commission may approve an energy charge or a monthly customer charge for the EECRF. The EECRF shall be set at a rate that will give the utility the opportunity to earn revenues equal to the sum of the utility's forecasted energy efficiency costs, net of energy efficiency costs included in base rates, ..., and any adjustment for past over- or under-recovery of energy efficiency revenues.
>
> (9) A utility's application to establish or adjust an EECRF shall include...any adjustment for past over- or under-recovery of energy efficiency revenues,...and the following:
>
> (C) the actual revenues attributable to the EECRF for any period for which the utility seeks to adjust the EECRF for an under- or over-recovery of EECRF revenues;...
>
> (11) In any proceeding to establish or adjust an EECRF, the utility must show that:
>
> (B) calculations of any under- or over-recovery of EECRF revenues is consistent with this section;...
>
> (12) The scope of a proceeding to establish or adjust an EECRF is limited to the issues of whether the utility's cost estimates are reasonable, calculations of under- or over-recoveries are consistent with this section,...

SWEPCO incurred $4,888,597 in energy efficiency expenditures for its 2011 programs, which was $324,214 less than the $5,212,811 collected through the EECRF in 2011 (excluding the performance bonus it earned for 2009 program achievements and the 2009 over-recovery returned to customers). Accordingly, SWEPCO seeks to return $324,214 in the adjusted EECRF for 2013.

Southwestern Electric Power Company
Energy Efficiency Cost Recovery Factor

2011 Goal Achievement and Performance Bonus Calculation

SWEPCO achieved 15,034 kW in demand savings and 22,582,272 kWh in energy savings by January 1, 2012. The total present value of the avoided cost associated with these demand reductions and energy savings is $14,818,886. SWEPCO's total program costs for 2011 calendar year were $4,888,597. The resulting net benefits are $9,930,289. SWEPCO's demand reduction goal (DRG) was 5,600 kW and its energy savings goal was 9,811,200 kWh. SWEPCO achieved 268.46 % of its DRG and qualifies for a performance bonus as calculated under Substantive Rule § 25.181(h) (3).

SWEPCO's calculated bonus is $977,719 which is 20% of its total program costs. The following tables summarize SWEPCO's 2011 energy efficiency goal achievement and performance bonus calculation.

	kW (Demand)	kWh (Energy)
2011 Goals	5,600	9,811,200
2011 Savings		
Reported/Verified Total	15,034	22,582,272
Reported/Verified HTR	1,347	
2011 Program Costs	$4,888,597	
2011 Performance Bonus	$977,719	

Performance Bonus Calculation

268.46%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
230.17%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
$14,818,886	Total Avoided Cost [Reported kW * PV (Avoided Capacity Cost) + Reported kWh * PV (Avoided Energy Cost), except for measure life other than 10 years for which PV (Avoided Capacity Cost) and PV (Avoided Energy Cost) are calculated using the specific measure lives]
$4,888,597	Total Program Costs
$9,930,289	Net Benefits (Total Avoided Cost – Total Expenses)

Bonus Calculation

$8,364,478	Calculated Bonus [(Achieved Demand Reduction/Demand Goal - 100%) / 2 * Net Benefits
$977,719	Maximum Bonus Allowed (20% of Program Costs)
$977,719	*Bonus (Minimum of Calculated Bonus and Bonus Limit)*

From SWEPCO's 2012 EEPR, Project No. 40194

Sponsor: Lana L. Deville

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

SWEPCO Texas Projected 2013 Retail kWh Sales	7,828,908,618

Schedule L

Development of Forecasted Billing Units

Rate Classes	2011 Historical Billing Units	Percent of Class kWh	Percent of Total kWh	2013 Forecasted Billing Unit	Unit	Docket No. 37364 Test Year Adjusted kWh
Total Residential Rate Class	2,379,522,613	100 00%	31.73%	2,483,726,904		2,175,602,214
Commercial Rate Class						
General Service	297,461,080	7.83%	3.97%	310,487,525	kWh	305,330,398.89
Lighting & Power Service Secondary	2,515,662,426	66.25%	33.54%	2,625,828,565	kWh	2,402,309,448
Lighting & Power Service Primary	887,459,046	23.37%	11.83%	926,322,741	kWh	927,830,249
Municipal Pumping Service	66,533,393	1.75%	0 89%	69,447,030	kWh	44,157,418
Municipal Service	24,564,628	0 65%	0.33%	25,640,365	kWh	40,861,083
NT Commercial Service	0	0.00%	0.00%	-	kWh	included in GS
Recreational Lighting	1,927,333	0.05%	0.03%	2,011,735	kWh	included in GS
NT Cotton Gin Service	3,699,460	0.10%	0 05%	3,861,467	kWh	3,528,620
Total Commercial Rate Class	3,797,307,366	100.00%	50.63%	3,963,599,428		3,724,017,216.51
Industrial Rate Class						
Large Lighting & Power Service - Pri	55,699,200	19.53%	0 74%	58,138,385	kWh	242,497,948
Large Lighting & Power Service - Pri Sub	180,013,287	63.13%	2.40%	187,896,447	kWh	included in LP Pri
Interruptible Power Service	0	0 00%	0.00%	-	kWh	0
Metal Melting Service Distribution	8,905,425	3 12%	0 12%	9,295,412	kWh	9,712,260
Oil Field Large Power Service	40,076,553	14.06%	0.53%	41,831,589	kWh	36,664,145
NT Large Power Service Sub	0	0.00%	0.00%	-	kWh	included in LP Pri
NT Electric Furnace Service	440,000	0.15%	0.01%	459,269	kWh	536,000
Total Industrial Rate Class	285,134,465	100 00%	3.80%	297,621,102		289,410,353
Industrial 69 kV & Above						
Metal Melting Service 69 kV & Above	55,002,046	5.73%	0.73%	57,410,701	kWh	62,748,605
Large Lighting & Power Service - 69 kV	139,952,153	14 58%	1.87%	146,080,952	kWh	110,815,940
Large Lighting & Power Service - 138 kV	208,237,152	21.69%	2.78%	217,356,294	kWh	313,770,815
Lighting & Power Service Transmission	30,799,904	3.21%	0.41%	32,148,696	kWh	5,700,407
Interruptible Power Service	96,685,000	10.07%	1.29%	100,919,039	kWh	included in non-firm
Contract with Lone Star Steel	429,369,983	44.72%	5.72%	448,172,996	kWh	included in LLP 138
Total Industrial Excluding 69 kV & Above	960,046,238	100.00%	12.80%	1,002,088,678	kWh	493,035,767
Lighting Rate Class						
Total Lighting Rate Class	78,437,561	100.00%	1.05%	81,872,506	kWh	80,183,510
Total SWEPCO	7,500,448,243		100 00%	7,828,908,618		6,762,249,061
	7,500,448,243			6,826,819,940		6,762,249,061
	0			6,826,819,940		0

Sponsor: Shawnna G. Jones

2013 Energy Efficiency Budget	Incentives	Admin	R&D	Total
Commercial				
Commercial Solutions MTP	$324,900	$36,100		$361,000
Commercial SOP	$462,846	$51,427		$514,273
Load Management SOP	$268,845	$14,150		$282,995
SCORE MTP	$355,500	$39,500		$395,000
SWEPCO CARE$	$90,000	$10,000		$100,000
SMART Source[SM] Solar PV MTP	$180,000	$20,000		$200,000
Small Business Direct Install Pilot MTP	$470,250	$24,750		$495,000
Total Commercial Budgets	$2,152,341	$195,927		$2,348,268
Residential				
CoolSaver© AC Tune-Up MTP	$220,408	$32,935		$253,343
Residential SOP	$866,243	$129,439		$995,682
Residential Pilot Under Development	$174,000	$26,000		$200,000
SMART Source[SM] Solar PV MTP	$90,000	$10,000		$100,000
On-Line Home Energy Checkup	$8,705	$1,301		$10,006
Hard-to-Reach				
Hard-to-Reach SOP	$715,772	$106,955		$822,727
Home$avers	$373,630	$26,370		$400,000
Total Residential Budgets	$2,448,759	$332,999		$2,781,758
Research and Development (R&D)				
General			$70,000	$70,000
Total Energy Efficiency Program Budget	$4,601,100	$528,926	$70,000	$5,200,026
Evaluation, Measurement & Verification (EM&V)				
Evaluation, Measurement & Verification				$150,674
Total Energy Efficiency Program Budget				$5,200,026
Total Budget including EM&V				$5,350,700

Non-residential Direct Assignment

Residential	Commercial	Industrial	Lighting
46.98%	49.71%	3.31%	0.00%
	93.7557%	6.2443%	0%
	$338,458	$22,542	$0 00
	$482,160	$32,113	$0.00
	$265,324	$17,671	$0.00
	$395,000	$0	$0.00
	$100,000	$0	$0 00
	$187,511	$12,489	$0 00
	$464,091	$30,909	$0.00
	$2,232,544	$115,724	$0 00
$253,343			
$995,682			
$200,000			
$100,000			
$10,006			
$822,727			
$400,000			
$2,781,758			
$32,888	$34,794	$2,317	$0
$2,814,646	$2,267,339	$118,041	$0
$70,792	$74,894	$4,988	$0
$2,814,646	$2,267,339	$118,041	$0
$2,885,438	$2,342,232	$123,029	$0

WP/Schedule A

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Workpaper Schedule C
Adjusted Class Allocation Factors

Adjusted Class Allocation Factors Workpaper

For Each Class:
AAF = ((D/BPS)*S)/Σ of the calculation for all classes

Weighted & Adjusted 2013 Allocators

Rate Classes	Weighted Class Allocation Factor (D)	Base Period Adjusted Sales (BPS) - Docket No. 37364	2013 Forecasted Billing Unit (S) *	(D/BPS)*S	Adjusted Class Allocation Factors (AAF)	Weighted & Adjusted Nonresidential Class Allocators
Residential	44.441%	2,175,602,214	2,483,726,904	0.51	46.26%	
Commercial	50.435%	3,724,017,217	3,963,599,428	0.54	48.95%	91.08%
Industrial	3.471%	289,410,353	297,621,102	0.04	3.26%	6.06%
Lighting	1.653%	80,183,510	81,872,506	0.02	1.54%	2.86%
Total	100.00%	6,269,213,294	6,826,819,940	1.10	100.00%	100.00%

* less transmission level customers

Weighted & Adjusted 2013 Allocators w/out the Lighting Class

Rate Classes	Weighted Class Allocation Factor (D)	Base Period Adjusted Sales (BPS) - Docket No. 37364	2013 Forecasted Billing Unit (S) *	(D/BPS)*S	Adjusted Class Allocation Factors (AAF)	Weighted & Adjusted Nonresidential Class Allocators
Residential	45.19%	2,175,602,214	2,483,726,904	0.52	46.98%	
Commercial	51.28%	3,724,017,217	3,963,599,428	0.55	49.71%	93.76%
Industrial	3.53%	289,410,353	297,621,102	0.04	3.31%	6.24%
Lighting	0.00%					
Total	100.00%	6,189,029,784	6,744,947,434	1.10	100.00%	100.00%

* less transmission level customers

AEP Southwestern Electric Power Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Workpaper Schedule C
Weighted Class Allocators

Rate Class Allocation Ratios

Class	Rate	4CP A&E Retail Class Allocator	Adjusted 4CP A&E Retail Class Allocator	Weighted 4CP A&E Class Allocator
Residential	Basic	41.834%	41.834%	45.036%
Residential	Controlled WH	0.141%	0.141%	0.152%
Total Residential		41.9746%	41.975%	45.188%
Comm/Sm Ind	Gen Ser Basic - Sec	5.559%	5.559%	5.985%
Comm/Sm Ind	Cotton Gin	0.031%	0.031%	0.033%
Comm/Sm Ind	GS Pri	0.067%	0.067%	0.072%
Comm/Sm Ind	Ltg & Pwr-Sec	31.549%	31.549%	33.964%
Comm/Sm Ind	Ltg & Pwr-Pri	9.467%	9.467%	10.192%
Comm/Sm Ind	Ltg & Pwr-Tran	0.0469%	0.000%	0.000%
Municipal	Muni. Pumping-Sec	0.5602%	0.560%	0.603%
Municipal	Muni. Service-Sec	0.3979%	0.398%	0.428%
Total Commercial		47.6786%	47.632%	51.278%
Lighting	Municipal Lighting	0.5489%	0.000%	0.000%
Lighting	Public Highway Ltg	0.0372%	0.000%	0.000%
Lighting	Private/Area Lighting	0.9695%	0.000%	0.000%
Lighting	Customer Owned Lighting	0.0055%	0.000%	0.000%
Total Lighting		1.5611%	0.000%	0.000%
Industrial	LLP-Primary	2.7994%	2.799%	3.014%
Industrial	LLP-Tran	4.8966%	0.000%	0.000%
Industrial	Electric Furnace	0.005%	0.005%	0.005%
Industrial	Metal Melting-Pri	0.1741%	0.174%	0.187%
Industrial	Metal Melting-Tran	0.6058%	0.000%	0.000%
Industrial	LSS-Tran	0.0000%	0.000%	0.000%
Industrial	Oilfield LI-Pri	0.3052%	0.305%	0.329%
Industrial	Non Firm-Pri	0.0000%	0.000%	0.000%
Industrial	Non Firm-Tran	0.0000%	0.000%	0.000%
Total Industrial		8.7857%	3.283%	3.535%
Total Retail 4CP A&E		100.0000%	92.89%	100.00%

Allocation Factors based on SWEPCO rate case Docket No. 37364.