Q. PLEASE DESCRIBE THE SMART SOURCE[SM] SOLAR PV PILOT MTP.

A. The SMART Source[SM] Solar PV Pilot MTP offers residential and commercial customers a financial incentive for installations of solar electric (photovoltaic) systems interconnected on the customer's side of the electric service meter. The goal of this program is to transform the market by increasing the number of qualified companies offering installation services and by decreasing the average installed cost of systems, creating economies of scale.

Q. DID TCC ACHIEVE ITS CALCULATED DEMAND REDUCTION GOAL IN 2011?

A. Yes, TCC exceeded its calculated demand reduction goal in 2011.

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

A. TCC's required demand reduction goal to be achieved in 2011 was 12.93 MW. TCC's actual demand reduction achieved was 27.50 MW of peak demand savings from its 2011 energy efficiency programs, which is 213% of the calculated goal.

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

A. TCC's 2011 program portfolio resulted in several highlights. The most notable achievement is that TCC exceeded its demand reduction goal of 12.93 MW by 113%. Two of its programs contributed to this successful achievement, most notably: TCC's CoolSaver© A/C Tune-Up Pilot MTP exceeded its projected demand reduction by

78% and the commercial component of the SMART Source[SM] Solar PV Pilot MTP exceeded its projected demand reduction by 373%.

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

A. TCC achieved demand reductions of 2.98 MW from its Hard-To-Reach SOP and 0.25 MW from its Targeted Low-Income Energy Efficiency Program. The total reduction in demand from both hard-to-reach programs was 3.23 MW.

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

A. Yes, TCC achieved 25% of its 2011 statutory demand reduction goal from its hard-to-reach programs.

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

A. Yes, it does. Mr. Berny discusses the $2,634,727 performance bonus requested by TCC for its 2011 results.

Q. SHOULD TCC BE GRANTED ITS REQUESTED PERFORMANCE BONUS?

A. Yes, TCC should be granted its requested performance bonus set forth in Schedule K, which Mr. Berny sponsors. TCC exceeded its demand reduction goal by 113% and, as previously mentioned in this section, had numerous program successes in 2011.

B. 2013 Programs

Q. WHAT PROGRAMS WILL TCC OFFER IN 2013 TO ACHIEVE THE ENERGY EFFICIENCY GOAL?

A. TCC will offer the following programs in 2013:

- A/C Distributor Pilot MTP
- AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP
- Commercial Solutions MTP
- Commercial SOP
- CoolSaver© A/C Tune-up MTP
- ENERGY STAR New Homes MTP
- Hard-to-Reach SOP
- Irrigation Load Management MTP
- Load Management SOP
- Residential SOP
- SCORE/CitySmart MTP
- SMART Source℠ Solar PV MTP
- Targeted Low Income Energy Efficiency Program
- Targeted Small Business MTP

Q. IS TCC ADDING ANY NEW PROGRAMS IN 2013?

A. Yes. TCC's 2013 program portfolio will add two new programs: the Irrigation Load Management MTP and the Targeted Small Business MTP, as described in Schedule F.

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

A. Schedule A contains details of the 2013 proposed budget for each of TCC's programs.

Q. WHAT ARE THE EXPECTED SAVINGS FROM EACH PROGRAM?

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

Q. DOES TCC INCLUDE ANY PROPOSED R&D ACTIVITIES IN ITS BUDGET FOR 2013?

A. Yes, TCC's 2013 budget includes $427,000 or about 3.03% of total program costs for R&D activities as detailed in Schedule A.

VI. CONCLUSION

Q. DO TCC'S ENERGY EFFICIENCY COSTS INCURRED IN 2011 COMPLY WITH THE COMMISSION'S RULE?

A. Yes. The costs 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 incurred consistent with PUC SUBST. R. 25.181(f).

Q. DO YOUR CALCULATIONS OF TCC'S GOALS AND THE PROJECTED ENERGY EFFICIENCY COSTS TO BE INCURRED IN 2013 AND INCLUDED IN THE EECRF COMPLY WITH THE COMMISSION'S RULE?

A. Yes. TCC's statutory minimum goals to achieve in 2013 are 12.93 MW of demand reduction and 22,657 MWh of energy reduction, and are calculated in compliance with the Commission rule. As discussed above and in Mr. Berny's testimony, in order to satisfy 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, TCC has established energy efficiency objectives for 2013 above the minimum goals in the statute and rule. The $14,558,097 that TCC projects it will spend in 2013 to achieve its energy efficiency objectives is a reasonable estimate of the costs necessary to provide energy efficiency programs and to comply with the EM&V requirement in the proposed energy efficiency rule published in the Texas Register on April 27, 2012. This amount will meet TCC's energy efficiency objectives for 2013 and comply with PURA §39.905 and PUC SUBST. R. 25.181.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

PUC DOCKET NO. _____

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

AEP TEXAS CENTRAL COMPANY

TO ADJUST

ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

DIRECT TESTIMONY OF

JENNIFER L. JACKSON

FOR

AEP TEXAS CENTRAL COMPANY

MAY 1, 2012

TESTIMONY INDEX

I. INTRODUCTION AND PURPOSE

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

A. My name is Jennifer L. Jackson. I am a Regulatory Consultant in Regulated Pricing and Analysis, part of the American Electric Power Service Corporation (AEPSC) Regulatory Services Department, 212 East Sixth Street, Tulsa, Oklahoma 74119-1295.

Q. PLEASE BRIEFLY DESCRIBE THE AEPSC REGULATORY SERVICES DEPARTMENT AND YOUR CURRENT JOB RESPONSIBILITIES.

A. AEPSC Regulatory Services is part of the American Electric Power Company, Inc. (AEP) Utilities Business Group. Among its activities, Regulatory Services provides coordination and tariff-related services to the eleven AEP operating companies, including AEP Texas Central Company (TCC). As a Regulatory Consultant for AEPSC, my job duties include providing testimony, rate review analysis and support, pricing design, implementation of pricing programs, and regulatory compliance for the AEP operating companies. I have been involved in regulatory rate review and pricing design proceedings since 1991 in all four of the AEP West state jurisdictions: Arkansas, Louisiana, Oklahoma, and Texas. I have a Bachelor of Business Administration Degree with an emphasis in Marketing from Texas Tech University.

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) in the following dockets: 20545, 28520, 28840, 31251,

31461, 32758, 33309, 33310, 35625, 35627, 36422, 36928, 36949, 36961, 36960, 36959, 38208, 38209, 38210, 39359, 39360, and 39361.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the calculation of the annual redetermination of TCC's Energy Efficiency Cost Recovery Factor (EECRF) factors, proposed to be effective December 31, 2012 (the commencement of TCC's January 2013 billing month). The adjusted factors are proposed based on PUC SUBST. R. 25.181(f), which among other things provides for a cost recovery factor to compensate a utility for reasonable expenditures on energy efficiency as well as a performance bonus for exceeding its goals, and on the Ordering Paragraphs contained in the Final Order in Docket No. 39360, TCC's last EECRF update.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. My testimony will be presented in the following order:

- I first discuss the schedules that I am sponsoring.
- I then discuss the components included in the determination of the adjusted EECRF. Those components are: 1) the recovery of TCC's projected 2013 costs for its energy efficiency programs in excess of the amount expressly included in TCC's base rate order; 2) the over-recovery of TCC's actual expenditures for its 2011 energy efficiency programs in excess of the amount expressly included TCC's base rate order and the 2011 EECRF; 3) TCC's performance bonus achieved from its 2011 energy efficiency results; and 4) the estimate of evaluation, measurement and verification (EM&V) costs included in the adjusted EECRF.
- I then discuss the amount of energy efficiency costs included in the current TCC base rates, the assignment of the energy efficiency costs to the EECRF rate classes, and the calculation of the class adjusted EECRF cost recovery factors.

Q. WHAT SCHEDULES THAT ACCOMPANY TCC'S FILING DO YOU SPONSOR?

A. I sponsor the following schedules:

Schedule	Description
Schedule C	Development of EECRF Rate Class Cost Recovery Factors
Schedule D	Updated EECRF Rider
Schedule L	Development of Forecasted Billing Units

I also cosponsor Schedule B with TCC witness Billy G. Berny.

Schedule C shows the allocation of the energy efficiency costs included in base rates and the assignment of the total costs above those included in base rates to the classes, including the projected 2013 program costs, the over-recovery of TCC's 2011 energy efficiency program costs, the requested TCC 2011 performance bonus, and the estimated 2013 EM&V costs. Schedule C also lists the 2013 forecasted billing units used in the development of the EECRF rate class factors and provides the calculation of the proposed class EECRF factors. Schedule D contains the adjusted Rider EECRF, which sets forth the adjusted energy efficiency recovery factors by EECRF rate class. Schedule L is a workpaper detailing the development of the forecasted billing units for 2013, including billing determinants for the most recent calendar year, January through December 2011, and for the revenue year in which the adjusted Rider EECRF is proposed to be in effect, January through December 2013.

II. ADJUSTED ENERGY EFFICIENCY COST RECOVERY REVENUE REQUIREMENT

Q. WHY IS TCC REQUESTING APPROVAL OF AN ADJUSTED EECRF?

A. TCC filed for and received approval for its initial Energy Efficiency Cost Recovery Factor - Schedule EECRF in Docket No. 35627. TCC also filed for an adjustment to its EECRF in Docket Nos. 36960, 38208, and 39360. By the current adjustment request, TCC is requesting recovery of the 2013 projected energy efficiency program costs in excess of the amount expressly included in TCC's prior base rate order, an adjustment to the EECRF factors for the over-recovery of actual energy efficiency program costs in 2011, TCC's 2011 performance bonus for demand and energy reduction that exceeded the minimum goal to be achieved in 2011, and the 2013 estimated EM&V costs. Therefore, TCC is requesting Commission approval of an adjusted Rider EECRF.

Q. WHAT AMOUNT EXPRESSLY SPECIFIED AS ENERGY EFFICIENCY COSTS IS INCLUDED IN TCC'S BASE RATES?

A. The Commission's Final Order in Docket No. 33309 expressly included $6,334,949 of energy efficiency program funding in base rates.

Q. HOW WERE THE ENERGY EFFICIENCY COSTS THAT ARE INCLUDED IN TCC'S BASE RATES ALLOCATED TO THE CLASSES?

A. The total energy efficiency program costs approved to be recovered through base rates were functionalized to both the distribution function and the customer service function. The majority (99%) of the energy efficiency program costs recovered in TCC's base rates is included in the base distribution rates. Only a small portion of the

total costs is recovered through the customer service function. The energy efficiency costs included in TCC's current distribution base rates were allocated to the classes based on class 4 coincident peak (4CP) demands, the allocator used and approved in Docket No. 33309 to allocate transmission expenses to the classes. The energy efficiency costs included in the customer service function were allocated to the classes based upon total customers. Schedule C shows the allocation factors by function and the amounts included in base rates for each function by class.

Q. WHAT IS TCC REQUESTING THROUGH THE ADJUSTED EECRF?

A. TCC, through this application, is requesting Commission approval to adjust the EECRF cost recovery factors to reflect:

- recovery of $7,747,505 in energy efficiency program costs projected to be incurred in 2013 that exceed costs for energy efficiency expressly included in its prior base rate order;
- return of $2,788,466 to account for the over-recovery of EECRF revenues in excess of actual energy efficiency program expenditures incurred for its 2011 programs;
- recovery of $2,634,727 representing TCC's performance bonus for achieving demand and energy reduction that exceeded its goal to be achieved by December 31, 2011; and
- recovery of $475,643 representing the estimated 2013 EM&V cost allocated to TCC contemplated by the PUC rulemaking Project No. 39674 proposed rule as published in the Texas Register on April 27, 2012.

In sum, TCC requests Commission approval of the adjusted EECRF cost recovery factors as provided for in PUC SUBST. R. 25.181(f)(1) to recover $8,069,409 in energy efficiency costs in 2013.

Q. HOW ARE THE 2013 PROGRAM COSTS SOUGHT TO BE RECOVERED THROUGH THE EECRF ASSIGNED TO EACH CLASS?

A. TCC has assigned the 2013 program costs to the EECRF rate classes as directed by the Final Order in Docket No. 39360, *Application of AEP Texas Central Company to Adjust Energy Efficiency Cost Recovery Factor and Related Relief,* TCC's 2012 EECRF factor update. In the Final Order, the Commission found that TCC's estimated 2012 program costs should be assigned to each EECRF rate class using a direct, program-by-program assignment basis. TCC has followed this directive in assigning the 2013 program costs, including the administrative portion of each program cost, to each EECRF rate class based on each class's eligibility to participate in the proposed 2013 programs. Where more than one EECRF rate class is eligible to participate in a specific program, TCC has employed an adjusted and weighted demand allocator to assign program costs across the eligible classes. TCC has directly assigned research and development (R&D) costs, where possible, to a specific class. Where a specific class assignment of R&D costs cannot be made, TCC has employed the adjusted and weighted demand allocator to assign R&D costs across the eligible classes.

The transmission service class of customers is not assigned energy efficiency program costs through the EECRF because those customers taking service at 69 kilovolts and above are not eligible for participation in the 2013 energy efficiency programs.

The EECRF rate class assignment of 2013 program costs, including administrative costs, R&D costs, and EM&V costs is shown in detail on Schedule A included in the EECRF rate development filing package.

Q. HOW IS TCC ASSIGNING THE 2011 OVER-RECOVERY TO THE CLASSES?

A. TCC has assigned the over-recovery of 2011 program costs to the EECRF rate classes in the same manner as directed by the Final Order for the 2010 program cost over-recovery. In the Final Order, the Commission found that TCC's actual 2010 energy efficiency program costs should be directly assigned to the individual rate classes that actually participated in each program using a direct, program-by-program assignment. TCC has assigned the 2011 over-recovery to the EECRF rate classes based on the participation of each EECRF rate class in each of the 2011 programs. Where multiple rate classes participated in a specific program, the 2011 adjusted and weighted demand allocator was used to assign the 2011 program costs to the participating EECRF rate classes. The specifics of the class assignment of the over-recovery are shown on filed Schedule C and the workpaper supporting Schedule C.

Q. HOW IS TCC ASSIGNING THE 2011 EARNED PERFORMANCE BONUS TO THE CLASSES?

A. TCC has assigned the 2011 earned performance bonus to all EECRF rate classes eligible for participation in the 2011 energy efficiency program year based on the adjusted 2013 class allocation factors. This is the same allocation methodology employed for the 2012 EECRF compliance filing based on the Final Order in that docket.

Q. HAS TCC INCLUDED AN ESTIMATE OF 2013 EM&V COSTS IN THIS FILING?

A. Yes. TCC has included a total of $475,643 of EM&V costs based on its share of the total level of statewide EM&V costs estimated to be incurred in program year 2013 as contemplated by the proposed rule in Project No. 39674 as published in the Texas Register on April 27, 2012. The statewide EM&V cost was estimated by the PUC Staff and TCC's share of the estimated cost is discussed by TCC witness Berny.

Q. WHY HAS TCC INCLUDED AN ESTIMATE OF 2013 EM&V COSTS IN THIS EECRF FILING?

A. Under the current PUC rulemaking Project No. 39674, several proposed changes to Substantive Rule 25.181 will likely increase the current proposed budget estimate as referenced in the AEP Texas Central Company *2012 Energy Efficiency Plan and Report.* One of the changes proposed in Project No. 39674 includes a level of EM&V costs to be assigned to each utility. Since the proposed rule contemplates that the estimated EM&V costs will be incurred in 2013, TCC has determined that including an estimate of that cost in the 2013 EECRF factor update is appropriate.

Q. HOW IS TCC ASSIGNING THE ESTIMATED 2013 EM&V COSTS TO THE EECRF RATE CLASSES?

A. The estimated 2013 EM&V cost cannot be directly assigned to a specific EECRF rate class. In the absence of a direct assignment of the cost, TCC has assigned the estimated 2013 EM&V costs to the EECRF rate classes using the 2013 adjusted demand allocator.

Q. WHEN WILL THE ESTIMATED 2013 EM&V COSTS BE COMPARED TO ACTUAL EM&V DOLLARS?

A. At this time it is anticipated that the estimated EM&V costs will be included in the overall total budget dollars spent in conjunction with the 2013 program costs and will therefore be considered in the overall over- or under-recovery of costs and revenues in TCC's request to update the EECRF for 2015.

III. DEVELOPMENT OF ADJUSTED CLASS ENERGY EFFICIENCY COST RECOVERY FACTORS

Q. WHAT ARE THE COMPONENTS NEEDED TO DEVELOP THE ADJUSTED ENERGY EFFICIENCY COST RECOVERY FACTORS?

A. The components needed to adjust the EECRF cost recovery factors include:

1) the amount of energy efficiency revenue requirement included in base rates;
2) the projected 2013 energy efficiency program budget provided in Schedule A;
3) the over- or under-recovery associated with the 2011 energy efficiency programs;
4) TCC's performance bonus achieved during 2011;
5) an estimate of 2013 EM&V costs;
6) the 2013 energy efficiency program estimated EECRF rate classes direct assignment and the 2011 actual program direct assignment based on EECRF rate class participation;
7) the adjusted class allocation factors; and
8) the forecasted billing units by EECRF rate class for 2013.

Q. IS TCC CURRENTLY RECOVERING REVENUE THROUGH AN EECRF?

A. Yes. TCC began collecting revenue through its current EECRF in the January billing month of 2012.

Q. IS THE 2011 EECRF REVENUE A COMPONENT OF THE CALCULATION OF THE 2013 EECRF?

A. Yes. TCC has over-recovered its 2011 EECRF revenue by $2,788,466 based on the actual 2011 energy efficiency program costs of $13,173,634 and the collected 2011 energy efficiency program revenue of $15,962,100. As stated above, the over-recovery will be directly assigned to the individual rate classes that actually participated in each program using a direct, program-by-program assignment. Where multiple rate classes participated in a specific program, the 2011 adjusted and weighted demand allocator was used to assign the 2011 program costs to the participating EECRF rate classes.

Q. WHAT BILLING UNIT IS TCC PROPOSING TO USE TO RECOVER THE ENERGY EFFICIENCY COSTS?

A. As was approved in Docket Nos. 35627, 36960, 38208, and 39360, TCC is proposing to continue to use an energy charge (kWh) for recovery of energy efficiency costs for all classes of customers included in the EECRF. TCC has supplied forecasted 2013 kWh data for all classes in Schedule L.

Q. PLEASE DESCRIBE HOW THE 2013 FORECASTED BILLING UNITS USED IN THE DEVELOPMENT OF THE EECRF FACTORS FOR BUDGET YEAR 2013 WERE DETERMINED.

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 TCC. The AEPSC Forecasting Department provided total retail and revenue class sales forecasts for the projected energy efficiency budget year of January through December 2013. Because the kWh sales are projected on a total retail and revenue class basis, kWh data must be converted to EECRF rate class forecasted kWh sales. Forecasted kWh sales by EECRF rate class were established by first determining each rate class's percentage of total retail sales based on twelve months of 2011 historical kWh sales data. Forecasted kWh sales by rate class were then calculated by multiplying each rate 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 EECRF rate class.

Q. HOW WERE THE EECRF FACTORS DETERMINED USING 2013 PROJECTED BILLING UNITS?

A. Once the adjusted EECRF class energy efficiency revenue requirement is developed and the projected 2013 billing units have been determined, the EECRF factors can be calculated by dividing the adjusted rate class EECRF energy efficiency revenue requirement by the projected billing units for each EECRF rate class. The resulting class factor is listed in the updated Rider EECRF and will be applied to the current month's billed kWh of each retail customer eligible for the EECRF during the

effective period of the updated factors. The adjusted EECRF cost recovery factors are shown in Schedule C and the adjusted Rider EECRF is contained in Schedule D.

Q. WERE SYSTEM AND LINE LOSSES USED TO DEVELOP THE EECRF FACTORS?

A. No. TCC's kWh sales forecast for 2013 is based on energy delivered at the meter, so it was not necessary to adjust the EECRF factors to reflect system and line losses.

Q. WHAT ARE THE PROPOSED 2013 EECRF RATE CLASS FACTORS?

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

Rate Class	Proposed kWh Factor
Residential	$0.000522
Secondary<=10kW	$0.000213
Secondary>10 kW	$0.000472
Primary	$0.000000

Q. DO THE PROPOSED EECRF FACTORS EXCEED THE AMOUNTS PRESCRIBED IN SUBST. R. 25.181(f)(8)(B) AND (D)?

A. No. Section (f)(8)(B) states that:

> for residential customers for program years 2013 and thereafter, EECRF factors shall not exceed $1.60 if the EECRF is charged on a monthly basis, or $0.0012 per kWh if it is charged on an energy basis, or the amount previously authorized by the Commission.

Section (f)(8)(D) states that for non-residential customers for program year 2013 and thereafter, EECRF factors shall not exceed rates designed to recover $0.00075 per kWh for consumption of non-residential customer classes that are charged an EECRF or a base rate to cover energy efficiency costs.

Q. HOW ARE ENERGY EFFICIENCY COSTS EXPRESSLY INCLUDED IN BASE RATES TREATED IN DETERMINING WHETHER EECRF FACTORS EXCEED THE AMOUNTS PRESCRIBED IN SUBST. R. 25.181(f)((8)?

A. Section 25.181(f)(8) states that if a utility:

> is recovering energy efficiency costs through an identified amount in base rates, the sum of the base rate recovery of energy efficiency costs and the EECRF shall not exceed the amounts prescribed in this paragraph.

TCC continues to recover an amount of energy efficiency costs expressly identified in its base rates. In Docket No. 39360, the EECRF class base rate per kWh amounts were identified. The combination of the 2013 EECRF factors, excluding the 2013 EM&V estimated cost, and the expressly identified base rate amounts do not exceed the levels identified in SUBST. R. 25.181(f)(8) as shown in detail in Schedule C.

Q. HOW HAS TCC TREATED THE ESTIMATED 2013 EM&V COSTS WHEN DETERMINING WHETHER THE PROPOSED EECRF FACTORS EXCEED THE LIMITATIONS DETAILED IN SUBST. R. 25.181(f)(8)?

A. TCC has not included the estimated 2013 EM&V costs in its determination of the EECRF factor limitations based on PUC Staff's direction and the language in the proposed rule. TCC 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 excluding the estimated 2013 EM&V costs. The EECRF factors calculated excluding the estimated 2013 EM&V costs are slightly lower than the total EECRF factors. TCC is requesting recovery of the estimated 2013 EM&V costs

through the total proposed EECRF factors as shown on adjusted Rider EECRF, Schedule D in this filing.

TCC is requesting Commission approval of the adjusted Rider EECRF containing the proposed EECRF rate class kWh factors to be effective with the first billing cycle of January 2013.

IV. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY AND STATE YOUR RECOMMENDATION FOR TCC'S PROPOSED 2013 EECRF.

A. TCC's current base rates include $6,334,949 of energy efficiency costs. TCC is asking for recovery of $8,069,409 through its proposed adjusted Rider EECRF, which includes:

- projected 2013 energy efficiency program costs of $7,747,505 above those expressly included in the prior base rate order;
- the return of the over-recovery of 2011 energy efficiency program costs of $2,788,466 in excess of the 2011 program costs actually expended;
- an earned performance bonus of $2,634,727; and
- an estimation of 2013 EM&V cost of $475,643 as contemplated by the PUC in rulemaking Project No. 39674.

The class assignment of the estimated 2013 program costs is based on direct assignment to the EECRF rate classes where possible. Where more than one EECRF rate class is eligible to participate in a specific 2013 program, the allocation of that program cost is based on a weighted 4CP demand allocator, adjusted based on the most recent projection of EECRF rate class kWh. The class assignment of the 2011

actual program costs is based on direct assignment to the participating EECRF rate classes where possible. Where more than one EECRF rate class participated in a specific program, the allocation of that program cost was based on the 2011 adjusted and weighted demand allocator. TCC has assigned the 2011 earned performance bonus to all EECRF rate classes eligible for participation in the 2011 energy efficiency program year based on the adjusted 2013 class allocation factors. TCC has included a total of $475,643 of estimated 2013 EM&V cost as contemplated by the draft rule in Project No. 39674. TCC has allocated the estimated 2013 EM&V cost to the EECRF rate classes using the 2013 adjusted demand allocator. The recovery of the adjusted energy efficiency costs is based on 2013 projected kWh sales for all rate classes subject to Rider EECRF. The proposed EECRF factors do not exceed the limitations detailed in SUBST. R. 25.181(f)(8). TCC proposes that the adjusted Rider EECRF be effective December 31, 2012 (the commencement of TCC's January 2013 billing month). The method of calculating the adjusted EECRF cost recovery factors is in accordance with the PUC SUBST. R. 25.181(f) and the Final Order in Docket No. 39360. TCC is recommending that the proposed 2013 EECRF factors be approved as filed.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

AEP Texas Central Company
2013 Energy Efficiency Cost Recovery Factor

Schedule A

2013 Projected Energy Efficiency Budget

	Incentives	Administrative	Research & Development	Evaulation, Measurement & Verification	Total Funds Expended
Commercial					
AC Distributor Pilot MTP	$ 300,000	$ 33,333	$ -		$ 333,333
AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP	$ 150,000	$ 16,667	$ -		$ 166,667
CoolSaver AC Tune-up MTP	$ 595,950	$ 66,217	$ -		$ 662,167
Commercial Solutions MTP	$ 412,156	$ 45,795	$ -		$ 457,951
Commercial SOP	$ 1,689,000	$ 187,667	$ -		$ 1,876,667
Irrigation Load Management MTP	$ 450,000	$ 50,000	$ -		$ 500,000
Load Management SOP	$ 300,000	$ 33,333	$ -		$ 333,333
SCORE/CitySmart MTP	$ 827,304	$ 91,923	$ -		$ 919,227
SMART Source℠ Solar PV MTP	$ 200,000	$ 22,222	$ -		$ 222,222
Targeted Small Business MTP	$ 693,546	$ 77,061	$ -		$ 770,607
Residential					
AC Distributor Pilot MTP	$ 300,000	$ 33,333	$ -		$ 333,333
CoolSaver AC Tune-up MTP	$ 525,000	$ 58,333	$ -		$ 583,333
Energy Star® New Homes MTP	$ 765,000	$ 85,000	$ -		$ 850,000
Residential SOP	$ 2,661,115	$ 295,679	$ -		$ 2,956,794
SMART Source℠ Solar PV MTP	$ 200,000	$ 22,222	$ -		$ 222,222
Hard-to-Reach					
Hard-to-Reach SOP	$ 953,417	$ 105,935	$ -		$ 1,059,352
Targeted Low-Income Energy Efficiency Program	$ 1,267,421	$ 140,825	$ -		$ 1,408,246
Research and Development	$ -	$ -			
CCET	NAP	NAP	$ 32,000		$ 32,000
SMART View℠ In-Home Device R&D Project	NAP	NAP	$ 235,000		$ 235,000
R&D - Programs	NAP	NAP	$ 160,000		$ 160,000
Total Energy Efficiency Program Budget	**$ 12,289,909**	**$ 1,365,545**	**$ 427,000**		**$ 14,082,454**

Evaluation, Measurement & Verification (EM&V)					
Evaluation, Measurement & Verification				$475,643	$475,643
Total Budget including EM&V				$475,643	**$14,558,097**

Sponsors: Billy G. Berny and Pamela D. Osterloh

AEP Texas Central Company
2013 Energy Efficiency Cost Recovery Factor

Calculation of Incremental Energy Efficiency Program Costs Requested for Recovery in 2013 Through the Adjusted EECRF:

Projected 2013 Program Costs	$14,082,454
Costs Expressly Included in Base Rates	6,334,949
EECRF 2013 Program Costs	$7,747,505

Sponsors: Billy G. Berny and Jennifer L. Jackson

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Energy Efficiency Program Costs Included in Base Rates

Docket No. 33309 TCC Comission Staff's Final Number Run
33309 TCC Dist Model re-run 010908

Class	Distribution - FERC Account 907	Distribution Function Allocator	Customer Service - FERC Account 907	Customer Service Function Allocator	Total Energy Efficiency in Base Rates	Distribution Function Allocator w/out Trans	Weighted Allocator
Residential	$2,948,779	47.209%	$75,656	85.323%	$3,024,435	47.209%	51.884%
Secondary <= 10 kW	$107,362	1.719%	$6,725	7.5848%	$114,088	1.719%	1.889%
Secondary > 10 kW IDR	$126,356	2.023%	$24	0.0269%	$126,379	2.023%	2.223%
Secondary > 10 kW Non-IDR	$1,825,465	29.225%	$6,118	6.9001%	$1,831,583	29.225%	32.119%
Primary IDR	$609,991	9.766%	$37	0.0419%	$610,028	9.766%	10.733%
Primary Non-IDR	$65,439	1.048%	$23	0.0257%	$65,462	1.048%	1.151%
Transmission	$562,887	9.012%	$5	0.0060%	$562,892	0.000%	0.000%
Lighting	$0	0.000%	$81	0.0915%	$81	0.000%	0.000%
Total	$6,246,279	100.000%	$88,670		$6,334,949	90.988%	100.000%

Sponsor: Jennifer L. Jackson

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of Requested EECRF by Customer Class Using Direct Assignment of EECRF Program Costs

TCC		
2013 Program Costs Above Base Rates Including 2013 EM&V	$8,223,148	101.91%
2011 Over Recovery	($2,788,466)	-34.56%
Calculated Performance Bonus for 2011	$2,634,727	32.65%
Adjusted EECR Revenue Requirement	$8,069,409	100.00%

Class	Distribution - FERC Account 907	2013 Forecasted Billing kWh Unit	2013 Proposed EECR Factor	Unit
Residential	$4,810,501	9,210,496,645	$0.000522	kWh
Secondary <= 10 kW	$84,807	397,603,889	$0.000213	kWh
Total Secondary > 10 kW	$3,174,081	6,725,308,921	$0.000472	kWh
Total Primary	$20	2,361,592,637	$0.000000	kWh
Transmission	$0	4,621,395,512	$0.000000	kWh
Lighting	$0	212,809,033	$0.000000	kWh
Total	$8,069,409	23,529,206,637		

Sponsor: Jennifer L. Jackson

Schedule C
Calculation of Requested EECRF by Customer Class Using Direct Assignment of EECRF Program Costs

TCC		
2013 Program Costs Above Base Rates (no 2013 EM&V cost)	$7,747,505	102.02%
2011 Over Recovery	($2,788,466)	-36.72%
Calculated Performance Bonus for 2011	$2,634,727	34.70%
Adjusted EECR Revenue Requirement (no EM&V cost)	$7,593,766	100.00%

Class	Distribution - FERC Account 907	2013 Forecasted Billing kWh Unit	2013 EECR Factor (no EM&V)	Unit
Residential	$4,553,259	9,210,496,645	$0.000494	kWh
Secondary <= 10 kW	$76,338	397,603,889	$0.000192	kWh
Total Secondary > 10 kW	$3,009,660	6,725,308,921	$0.000448	kWh
Total Primary	($45,491)	2,361,592,637	($0.000019)	kWh
Transmission	$0	4,621,395,512	$0.000000	kWh
Lighting	$0	212,809,033	$0.000000	kWh
Total (no EM&V cost)	$7,593,766	23,529,206,637		

TCC
Direct Assignment of 2013 EECRF Program Costs

Class	Base Rate per Final Order in Docket No. 39360	2013 EECR Factor (no EM&V)	2013 Total Base + EECRF (no EM&V)	2013 Cap
Residential	$0.000362	$0.000494	$0.000856	$0.001200
Non-Residential	$0.000290	$0.000321	$0.000611	$0.000750

Calculation of Non-Residential per kWh Rate	
2013 Rev Req	$3,040,507
2013 kWh	9,484,505,447
Combined per kWh	$0.000321
Combined per kWh	$0.000290
Total 2013 per kWh	$0.000611

Schedule C
Calculation of 2013 Program Costs Class Factor

2013 Energy Efficiency Program Costs + EM&V	Schedule A	$14,558,097
Energy Efficiency Costs Included In Base Rates	Schedule B	$6,334,949
2013 Program Costs Less Base Rate Allocation	Schedule B	$8,223,148
Residential Directly Assigned 2013 Program Costs	Schedule A	7,648,281
Commercial Directly Assigned 2013 Program Costs	Schedule A	$6,242,173
Allocated R&D 2013 Program Costs	Distribution - FERC Ac	$192,000
2013 Energy Efficiency Program Costs	Schedule A	$14,082,454
Allocated E,M&V 2013 Budget Costs	Schedule A	$475,643
Total 2013 Budget	Schedule A	$14,558,097

	(a)	(b)	(c)	(d) (b + c)	(e)	(f) (d - a - e)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Class	Costs Included in Base Rates	Residential / Commercial 2012 Directly Assigned Program Costs*	Allocated 2013 R&D	Total 2013 Program Costs	Allocation of Additional Base Rate Amount**	2013 Program Costs Less Total Base Rate Allocation	Evaluation, Measurement & Verification	2013 Program Costs Less Total Base Rate Allocation + EMV	Adjusted Class Demand Allocation Factor***	Weighted Commercial Class Allocator	2013 Forecasted Billing kWh Unit	2013 Program Costs Factor	Unit
Residential	$3,024,435	$7,648,281	$103,839	$7,752,120	$304,473	$4,423,213	$257,242	$4,680,455	54.083%	0.000%	9,210,496,645	$0.000508	kWh
Secondary <= 10 kW	$114,088	$229,464	$3,419	$232,883	$10,024	$108,771	$8,469	$117,240	1.781%	3.878%	397,603,889	$0.000295	kWh
Total Secondary > 10 kW	$1,957,962	$5,216,094	$66,371	$5,282,465	$194,610	$3,129,893	$164,421	$3,294,314	34.568%	75.284%	6,725,308,921	$0.000490	kWh
Total Primary	$675,491	$796,614	$18,371	$814,986	$53,867	$85,628	$45,511	$131,139	9.568%	20.838%	2,361,592,637	$0.000056	kWh
Transmission	$562,892	$0	$0	$0	$0	$0	$0	$0	0.000%	0.000%	4,621,395,512	$0.000000	kWh
Lighting	$81	$0	$0	$0	$0	$0	$0	$0	0.000%	0.000%	212,809,033	$0.000000	kWh
Total	$6,334,949	$13,890,454	$192,000	$14,082,454	$562,973	$7,747,505	$475,643	$8,223,148	100.00%	100.00%	23,529,206,637		

*Directly assigned costs include directly assigned program and directly assigned R&D costs.
**allocated to the classes based on the adjusted allocator based on 2013 forecasted kWh
***adjusted allocator based on 2013 forecasted kWh

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of 2011 Over Recovery Class Factor

2011 Residential Energy Efficiency Expenditures + R&D	$8,858,225	
2011 Actual Residential Energy Efficiency Factor Revenues + Base	$10,153,118	
2011 Residential Over Recovery	($1,294,893)	
2011 Commercial Energy Efficiency Expenditures + R&D	$4,315,409	
2011 Actual Commercial Energy Efficiency Factor Revenues + Base	$5,808,983	
2011 Commercial Over Recovery	($1,493,573)	
2011 Total Energy Efficiency Expen Distribution - FERC Account 907	$13,173,634	Schedule H
2011 Actual Total Energy Efficiency Factor Revenues	$15,962,100	Schedule B
2011 Over Recovery	($2,788,466)	Schedule B
Adjustment for costs in excess of base	$0	
Total over recovery	($2,788,466)	

Class	2011 Program Costs Over Recovery Allocation	2011 Adjusted Class Allocation Factor*	2011 Adjusted Commercial Class Allocation Factor	Allocation Method	2013 Forecasted Billing kWh Unit	2011 Over Recovery Factor	Unit
Residential	($1,294,893)	52.880%		T Demand	9,210,496,645	($0.000141)	kWh
Secondary <= 10 kW	($79,344)	1.930%	4.096%	T Demand	397,603,889	($0.000200)	kWh
Total Secondary > 10 kW	($1,031,011)	34.230%	72.644%	T Demand	6,725,308,921	($0.000153)	kWh
Total Primary	($383,218)	10.960%	23.260%	T Demand	2,361,592,637	($0.000162)	kWh
Transmission	$0	0.000%			4,621,395,512		
Lighting	$0	0.000%			212,809,033		
Total	($2,788,466)	100.00%			23,529,206,637		

*2011 allocators are from the 2011 factor filing filed in 2010 in Docket No. 38208

Sponsor: Jennifer L. Jackson

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

TCC	2011 Year-end Results Incentives	Admin	Total	Res	Sec < 10	Sec > 10	Primary
Commercial Programs							
CoolSaver AC Tune-up Pilot MTP	$159,000	$13,145	$172,145		x	x	
AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP	$144,995	$18,366	$163,361		x	x	
Commercial Solutions Pilot MTP	$467,227	$56,357	$523,584		x	x	x
Commercial SOP	$1,871,558	$194,044	$2,065,602		x	x	x
Load Management SOP	$225,984	$24,334	$250,318			x	x
SCORE/CitySmart MTP	$610,427	$38,879	$649,306		x	x	x
SMART Source℠ Solar PV Pilot MTP	$344,974	$21,603	$366,577			x	x
Total Commercial	$3,824,165	$366,728	$4,190,894				
Residential Programs		Distribution -					
CoolSaver AC Tune-up Pilot MTP	$178,912	$14,801	$193,713	x			
Energy Star® New Homes MTP	$671,598	$72,958	$744,556	x			
Residential SOP	$3,712,174	$374,393	$4,086,567	x			
SMART Source℠ Solar PV Pilot MTP	$184,894	$12,352	$197,246	x			
Total Residential	$4,747,578	$474,504	$5,222,081				
Hard-to-Reach Programs							
Hard-to-Reach SOP	$2,024,926	$183,028	$2,207,954	x			
Targeted Low Income Energy Efficiency Program	$1,149,189	$89,434	$1,238,623	x			
Total HTR	$3,174,115	$272,462	$3,446,577				
Total Programs	$11,745,858	$1,113,694	$12,859,552				
Research & Development							
CCET	$47,298	$51,214	$98,512	x	x	x	x
R&D - Programs	$75,795	$89,945	$165,740	x	x	x	x
SMART View℠ In Home Device R&D Program	$14,974	$34,855	$49,830	x			
Total R&D	$138,067	$176,014	$314,082				
Total	$11,883,926	$1,289,708	$13,173,634				

	Res	Sec < 10	Sec > 10	Primary	Total
		0.0410	0.7264	0.2326	
		0.0534	0.9466		
			0.76	0.2425	
		$9,188.06	$162,957.16		$172,145.22
		$8,719.23	$154,642.07		$163,361.30
		$21,445.61	$380,354.08	$121,784.42	$523,584.11
		$84,605.52	$1,500,542.44	$480,454.14	$2,065,602.10
			$189,607.74	$60,709.93	$250,317.67
		$26,595.08	$471,683.78	$151,027.00	$649,305.86
			$277,670.84	$88,906.59	$366,577.43
	$193,712.63				$193,712.63
	$744,555.82				$744,555.82
	$4,086,566.90				$4,086,566.90
	$197,246.09				$197,246.09
	$2,207,954.03				$2,207,954.03
	$1,238,623.00				$1,238,623.00
	0.5288	0.0193	0.3423	0.1096	
	$52,093.16	$1,901.28	$33,720.66	$10,796.92	$98,512.02
	$87,643.41	$3,198.79	$56,732.86	$18,165.12	$165,740.18
	$49,829.68				$49,829.68

2011 Program Costs	$8,858,224.72	$155,653.57	$3,227,911.63	$931,844.12	$13,173,634.04
Base	$3,024,435.05	$114,087.75	$1,957,962.28	$675,490.62	$5,771,975.71
2011 EECRF Program Revenue	$6,830,982.36	$110,044.90	$2,108,254.82	$577,869.19	$9,627,151.27 *
Additional Allocation	$297,700	$10,865	$192,706	$61,702	$562,973 **
	$10,153,117.68	$234,998.03	$4,258,922.85	$1,315,061.68	$15,962,100.25
(over)/under recovery	($1,294,892.96)	($79,344.46)	($1,031,011.22)	($383,217.56)	($2,788,466.21)

*from 2011 revenue spreadsheet
**additional allocation based on class 2011 allocation

Staff's Method Docket No. 39360					
Base w/ additional alloc	$3,322,135.32	$124,953.13	$2,150,668.03	$737,192.49	$6,334,948.98
2011 Program Costs	$8,858,224.72	$155,653.57	$3,227,911.63	$931,844.12	$13,173,634.04
2009 Bonus + 2009 o/u	146,941.05	$4,273	$53,581	$3,353	208,148.00
Total 2011 Cost	$9,005,165.77	$159,926.89	$3,281,492.67	$935,196.71	$13,381,782.04
Costs in excess of base	$5,683,030.45	$34,973.76	$1,130,824.64	$198,004.22	$7,046,833.06
Total EECRF Rider Revenues	$6,977,923.41	$114,318.22	$2,161,835.86	$581,221.78	$9,835,299.27
Staff's method over/under collection	($1,294,892.96)	($79,344.46)	($1,031,011.22)	($383,217.56)	($2,788,466.20)
Adjustment for costs in excess of base	$0.0	($0.0)	$0.0	$0.0	$0.0

Schedule C
Page 6 of 8

Sponsor: Jennifer L. Jackson

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Calculation of Performance Bonus Class Factor

Performance Bonus Calculation $2,634,726.80

Class	Performance Bonus	Adjusted Class Allocation Factor*	Allocation Method	2013 Forecasted Billing kWh Unit	Performance Bonus Factor	Unit
Residential	$1,424,939	54.083%	T Demand	9,210,496,645	$0.000155	kWh
Secondary <= 10 kW	$46,911	1.781%	T Demand	397,603,889	$0.000118	kWh
Total Secondary > 10 kW	Distribution - FERC Account 907 $910,778	34.568%	T Demand	6,725,308,921	$0.000135	kWh
Total Primary	$252,099	9.568%	T Demand	2,361,592,637	$0.000107	kWh
Transmission	$0	0.000%		4,621,395,512		
Lighting	$0	0.000%		212,809,033		
Total	$2,634,727	100.00%		23,529,206,637		

*adjusted allocator based on 2013 forecasted kWh not allocation for period in which performance bonus was earned.

Sponsor: Jennifer L. Jackson

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule C
Allocation of EM&V Budget

Evaluation, Measurement & Verification Budget $475,643.16

Class	EM&V	Adjusted Class Allocation Factor	Allocation Method	2013 Forecasted Billing kWh Unit	Performance Bonus Factor	Unit
Residential	$257,242	54.083%	T Demand	9,210,496,645	$0.000028	kWh
Secondary <= 10 kW	$8,469	1.781%	T Demand	397,603,889	$0.000021	kWh
Total Secondary > 10 kW	$164,421	34.568%	T Demand	6,725,308,921	$0.000024	kWh
Total Primary	$45,511	9.568%	T Demand	2,361,592,637	$0.000019	kWh
Transmission	$0	0.000%		4,621,395,512		
Lighting	$0	0.000%		212,809,033		
Total	$475,643	100.00%		23,529,206,637		

Distribution - FERC Account 907

Sponsor: Jennifer L. Jackson

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6.1.1.6.4 Rider EECRF – Energy Efficiency Cost Recovery Factors

AVAILABILITY

Rider EECRF recovers the cost of energy efficiency programs not already included in base distribution service rates and is applicable to the kWh sales of Retail Customers taking retail electric delivery service from the Company.

APPLICABILITY

The Rider EECRF is applicable to the current month's billed kWh of each Retail Customer taking electric delivery service from the Company.

MONTHLY RATE

Rate Schedule	Factor	
Residential Service	$0.000522 per kWh	R
Secondary Service Less than or Equal to 10 kW	$0.000213 per kWh	I
Secondary Service Greater than 10 kW	$0.000472 per kWh	I
Primary service	$0.000000 per kWh	I

NOTICE

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

AEP Texas Central Company
2013 Energy Efficiency Cost Recovery Factor

Schedule E

2013 Projected Energy Efficiency Goals and Objectives

Average Growth in Demand (MW)	% Growth in Demand Goal	Demand Reduction Goal (MW)	Energy Savings Goal (MWh)	Projected Demand Reduction Objective (MW)	Projected Energy Savings Objective (MWh)
32.74	30%	12.93	22,657	31.41	61,943

1. TCC'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, a utility's demand goal in any year shall not be lower than its goal for the prior year.

2. Please see p. 8-9 of Ms. Osterloh's testimony for an explanation of how the Projected Demand Reduction and Energy Savings Targets were determined.

AEP Texas Central Company
2013 Energy Efficiency Cost Recovery Factor

2013 Energy Efficiency Programs

PROGRAM	CUSTOMER CLASS	DESCRIPTION
AC Distributor Pilot Market Transformation Program	Commercial, Residential	Increase the market penetration of high-efficiency air conditioning equipment, initially for commercial customers and then for residential customers. Incentives will be paid to the distributor for the installation of high-efficiency air conditioning equipment up to 20 tons in cooling capacity.
AEP Texas CARE$ Energy Efficiency Improvement Program for Not-for-Profit Agencies SOP	Commercial	Targets a specific segment of commercial customers that are not-for-profit agencies organized exclusively for religious, scientific, or other charitable purposes, including agencies providing services to Hard-to-Reach clients. Agencies submit proposals of the cost of installing energy efficiency improvements in their administrative facilities that result in verified demand and energy savings. Contracts are awarded to those agencies with proposals containing the most comprehensive energy efficiency projects. With lower electric bills, a larger share of agency funds will be available for client assistance.
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 TCC for certain measure installed in new or retrofit applications, which provide verifiable demand and energy savings.
Commercial Standard Offer Program	Commercial	Provides incentives for 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 (IPMVP).

Sponsor: Pamela D. Osterloh

CoolSaver AC Tune-up Market Transformation Program	Commercial, Residential	Offers assistance to contractors in obtaining the tools and expertise that will allow them to develop quantitative savings information for comprehensive tune-ups. This program will initially target residential and small commercial customers in the Corpus Christi area and contractors that provide air conditioning system tune-up services in the area. The program implementer will target various air conditioning equipment distributor networks and organizations by phone and site visits to gauge their interest in participating in this program.
Energy Star® New Homes Market Transformation Program	Residential	Targets homebuilders and residential consumers. The program's goal is to create conditions where are consuming are demanding ENERGY STAR qualified homes, and homebuilders are supplying these energy efficient homes. Incentives are paid to homebuilders who construct ENERGY STAR qualified homes in the TCC service area and independent home energy raters who verify the energy efficiency of the homes.
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. Eligible measures include replacement air conditioners, wall and ceiling insulation and air distribution duct improvements in existing homes. Incentives are paid to EESPs for eligible measures on the basis of deemed savings. Eligible measures include replacement air conditioners, wall and ceiling insulation and air distribution duct improvements.
Irrigation Load Management SOP	Commercial	Will target commercial customers with agricultural operations to manage irrigation loads. Incentives will be paid based on measured peak demand reduction provided by control of pumps during load management events.
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.
Residential Standard Offer Program	Residential	Provides incentives for the installation of a wide range of measures that reduce residential customer energy costs and cost-effectively reduce peak demand. It is also designed to encourage private sector delivery of energy efficient products and services. Eligible measures include replacement air conditioners, wall and ceiling insulation and air distribution duct improvements. Incentives are paid to Project Sponsors for eligible measures installed in retrofit applications on the basis of deemed savings.

Sponsor: Pamela D. Osterloh

SCORE/CitySmart Market Transformation Program (CitySmart)	Commercial	Provides energy efficiency and demand reduction solutions for cities and public schools. The program 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 cities and public school partners served by TCC for certain measure installed in new or retrofit applications, which provide verifiable demand and energy savings.
SMART Source^{SM} Solar PV MTP	Commercial, Residential	Offers residential and commercial customers a financial incentive for installations of solar electric (photovoltaic) systems interconnected on the customer's side of the electric service meter. The goal of this program is to transform the market by increasing the number of qualified companies offering installation services and by decreasing the average installed cost of systems, creating economies of scale.
Targeted Low-Income Energy Efficiency Program	Hard-to-Reach	TCC's Targeted Low-Income Energy Efficiency Program is designed to cost-effectively reduce the energy consumption and energy costs of TCC's low-income residential customers. The weatherization service providers verify customer eligibility and conduct an energy use assessment of eligible customers' homes. The agencies install measures based on the savings-to-investment ratio, which evaluates cost effectiveness using the present value of the measure's lifetime energy savings divided by the installation cost. The program provides eligible residential customers with appropriate weatherization measures and basic on-site energy education to satisfy the requirements of SUBST. R. 25.181(p).
Targeted Small Business MTP	Commercial	TCC's Targeted Small Business MTP promotes the installation of energy-efficient technologies in the underserved small commercial market such as convenience stores, worship facilities, and retail. The program is designed to overcome barriers unique to small commercial customers that prevent them from participating in TCC's existing commercial programs. The program will provide walk-thru assessments to identify viable projects, the installation of eligible "direct install" measures (e.g. CFLs, lighting controls, etc.), incentives for prescriptive measures, and facilitation of the bid and installation process for the customer as needed.

AEP Texas Central Company
2013 Energy Efficiency Cost Recovery Factor

TCC Schedule G

2013 Energy Efficiency Objectives

	2013	
Customer Class and Program	**Demand Reduction Objective (MW)**	**Energy Savings Objective (MWh)**
Commercial		
AC Distributor Pilot MTP	0.28	1,022
AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP	0.03	91
CoolSaver© AC Tune-up MTP	0.82	1,553
Commercial Solutions MTP	0.81	3,888
Commercial SOP	4.88	22,917
Irrigation Load Management MTP	4.00	256
Load Management SOP	9.76	27
SCORE/CitySmart MTP	1.59	5,750
SMART Source^{SM} Solar PV MTP	0.11	211
Targeted Small Business MTP	0.53	1,987
Residential		
AC Distributor Pilot MTP	0.25	893
CoolSaver© AC Tune-up MTP	0.61	1,955
Energy Star® Homes MTP	0.30	550
Residential SOP	5.69	15,604
SMART Source^{SM} Solar PV MTP	0.11	211
Hard-to-Reach		
Hard-to-Reach SOP	1.37	3,999
Targeted Low-Income Energy Efficiency Program	0.27	1,030
2013 Energy Efficiency Objectives	**31.41**	**61,943**

Sponsor: Pamela D. Osterloh

AEP Texas Central Company
2013 Energy Efficiency Cost Recovery Factor

TCC Schedule H

2011 Actual Energy Efficiency Expenditures

Customer Class and Program	2011			
	Incentives	Administrative	Research & Development	Total Funds Expended
Commercial				
AEP Texas CARE$ Energy Efficiency for Not-for Profit Agencies SOP	$144,995	$18,366		$163,361
CoolSaver AC Tune-up Pilot MTP	$159,000	$13,145		$172,145
SCORE/CitySmart MTP	$610,427	$38,879		$649,306
Commercial SOP	$1,871,558	$194,044		$2,065,602
Commercial Solutions Pilot MTP	$467,227	$56,357		$523,584
Load Management SOP	$225,984	$24,334		$250,318
SMART Source[SM] Solar PV Pilot MTP	$344,974	$21,603		$366,577
Residential				
CoolSaver AC Tune-up Pilot MTP	$178,912	$14,801		$193,713
Energy Star® New Homes MTP	$671,598	$72,958		$744,556
Residential SOP	$3,712,174	$374,393		$4,086,567
SMART Source[SM] Solar PV Pilot MTP	$184,894	$12,352		$197,246
Hard-to-Reach				
Hard-to-Reach SOP	$2,024,926	$183,028		$2,207,954
Targeted Low Income Energy Efficiency Program	$1,149,189	$89,434		$1,238,623
Research & Development				
CCET			$98,512	$98,512
SMART View[SM] In-Home Device R&D Project			$49,830	$49,830
R&D - Programs			$165,740	$165,740
TOTAL	**$11,745,858**	**$1,113,694**	**$314,082**	**$13,173,634**

Sponsor: Pamela D. Osterloh

SCHEDULE I

AEP Texas Central Company

2013 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 program 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) of this section, an industrial customer may be considered an eligible customer for programs that will be completed no later than December 31, 2008.

Although TCC's portfolio of energy efficiency programs did include a load management standard offer program prior to May 1, 2007, no industrial customers elected to participate in the program. 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.

Sponsor: Billy G. Berny

AEP Texas Central Company

2013 Energy Efficiency Cost Recovery Factor

Calculation of Any Over-/Under-Recovery of Energy Efficiency Program 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 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;…

Sponsor: Billy G. Berny

(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,...

In 2011, TCC collected energy efficiency program revenues of $15,962,100 (excluding its performance bonus it earned for 2009 program achievements) through its base rates and EECRF combined. TCC incurred energy efficiency program costs in 2011 of $13,173,634 which was $2,788,466 less than the $15,962,100 it collected in 2011.

2011 Energy Efficiency Program Revenue & Expenditures

2011 EECRF Program Revenue	$ 9,627,151
+ 2011 Base Rate Revenue	$ 6,334,949
Total 2011 Energy Efficiency Program Revenue	$ 15,962,100
- 2011 Energy Efficiency Program Expenditures	$ 13,173,634
Energy Efficiency Program Over-Recovery Amount	**$ 2,788,466**

Sponsor: Billy G. Berny

SCHEDULE K

AEP Texas Central Company

2013 Energy Efficiency Cost Recovery Factor

2011 Goal Achievement and Performance Bonus Calculation

TCC achieved a peak demand reduction of 27,496 kW and 69,157,782 kWh in energy savings from its portfolio of energy efficiency programs in 2011. TCC's minimum demand reduction goal was 12,930 kW, and its energy savings goal was 22,657,000 kWh in 2011. The total present value of the avoided costs associated with these demand reductions and energy savings is $47,018,287. TCC's total costs for the 2011 program year were $13,173,634. The resulting net benefits are $33,844,653.

TCC's achievement represents 213% of its 2011 demand reduction goal and 305% of its 2011 energy savings goal, qualifying it for a performance bonus per Substantive Rule 25.181(h). TCC's calculated performance bonus is $19,063,125; however, its maximum bonus allowed is $2,634,727, which is 20% of its total 2011 energy efficiency expenditures (Subst. R. 25.181(h)(3)). The following table summarizes TCC's achievements and bonus calculation.

	kW		kWh
2011 Goals	12,930		22,657,000
2011 Savings			
Reported/Verified Total (including HTR and measures with <10yr EUL)	27,496		69,157,782
Reported/Verified Hard-to-Reach	3,232		
2011 Program Costs		$13,173,634	
2011 Performance Bonus		$ 2,634,727	

Performance Bonus Calculation

213%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
305%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
$47,018,287	Total Avoided Cost (Reported kW * PV(Avoided Capacity Cost) + Reported kWh * PV(Avoided Energy Cost))
$13,173,634	Total Program Costs
$33,844,653	Net Benefits (Total Avoided Cost – Total Expenses)

Bonus Calculation

$19,063,125	Calculated Bonus ((Achieved Demand Reduction/Demand Goal – 100%) / 2) * Net Benefits
$ 2,634,727	Maximum Bonus Allowed (20% of Program Costs)
$ 2,634,727	Bonus (Minimum of Calculated Bonus and Bonus Limit)

(From TCC's 2012 EEPR, page 39, Project No. 40194, filed March 30, 2012)

Sponsor: Billy G. Berny

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

Schedule L

Texas Central Company Projected 2013 Retail kWh Sales	23,529,206,637

Development of Forecasted Billing Units

Rate Classes	2011 Historical Billing Units	Percent of Total kWh	2013 Forecasted Billing Unit	Unit
Residential	9,519,832,411	39.14%	9,210,496,645	kWh
Secondary <= 10 kW	410,957,469	1.69%	397,603,889	kWh
Secondary > 10 kW IDR	735,937,521	3.03%	712,024,096	kWh
Secondary > 10 kW Non-IDR	6,215,241,803	25.56%	6,013,284,825	kWh
Primary IDR	2,288,122,182	9.41%	2,213,772,341	kWh
Primary Non-IDR	152,784,860	0.63%	147,820,296	kWh
Transmission	4,776,605,700	19.64%	4,621,395,512	kWh
Lighting	219,956,253	0.90%	212,809,033	kWh
Total	24,319,438,199	100.00%	23,529,206,637	

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

2013	Incentives	Admin	R&D	Total Budget
Commercial				
AC Distributor Pilot MTP	$300,000	$33,333		$333,333
AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP	$150,000	$16,667		$166,667
Commercial Solutions MTP	$412,156	$45,795		$457,951
Commercial SOP	$1,689,000	$187,667		$1,876,667
CoolSaver AC Tune-up MTP	$595,950	$66,217		$662,167
Load Management SOP	$300,000	$33,333		$333,333
SCORE/CitySmart MTP	$827,304	$91,923		$919,227
SMART Source℠ Solar PV MTP	$200,000	$22,222		$222,222
Irrigation Load Management MTP	$450,000	$50,000		$500,000
Targeted Small Business MTP	$693,546	$77,061		$770,607
Residential				
AC Distributor Pilot MTP	$300,000	$33,333		$333,333
ENERGY STAR New Homes MTP	$765,000	$85,000		$850,000
CoolSaver AC Tune-Up MTP	$525,000	$58,333		$583,333
Residential SOP	$2,661,115	$295,679		$2,956,794
SMART Source℠ Solar PV MTP	$200,000	$22,222		$222,222
Hard-to-Reach				
Hard-to-Reach SOP	$953,417	$105,935		$1,059,352
Targeted Low-Income Energy Efficiency Program	$1,267,421	$140,825		$1,408,246
Research and Development (R&D)				
CCET	NAP	NAP	$32,000	$32,000
SMART View℠ In Home Device R&D Program	NAP	$35,000	$200,000	$235,000
R&D Programs	NAP	$67,000	$93,000	$160,000
Total Energy Efficiency Program Budget	$12,289,909	$1,467,545	$325,000	$14,082,454

2013	Incentives	Admin	R&D	Total Budget
Commercial				
AC Distributor Pilot MTP	$300,000	$33,333		$333,333
AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP	$150,000	$16,667		$166,667
Commercial Solutions MTP	$412,156	$45,795		$457,951
Commercial SOP	$1,689,000	$187,667		$1,876,667
CoolSaver AC Tune-up MTP	$595,950	$66,217		$662,167
Load Management SOP	$300,000	$33,333		$333,333
SCORE/CitySmart MTP	$827,304	$91,923		$919,227
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Targeted Low-Income Energy Efficiency Program	$1,267,421	$140,825		$1,408,246
Research and Development (R&D)				
CCET	NAP	NAP	$32,000	$32,000
SMART View℠ In Home Device R&D Program	NAP	$35,000	$200,000	$235,000
R&D Programs	NAP	$67,000	$93,000	$160,000
Total Energy Efficiency Program Budget	$12,289,909	$1,467,545	$325,000	$14,082,454

Evaluation, Measurement & Verification	
Evaluation, Measurement & Verification	$475,643
Total Energy Efficiency Program Budget	$14,082,454
Total Budget	$14,558,097

AEP Texas Central Company
Adjusted Energy Efficiency Cost Recovery Factor Filing

2013	Res	Sec < 10	Sec > 10	Primary
Commercial				
AC Distributor Pilot MTP		x	x	
AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP		x	x	
Commercial Solutions MTP		x	x	x
Commercial SOP		x	x	x
CoolSaver AC Tune-up MTP		x	x	
Load Management SOP			x	x
SCORE/CitySmart MTP		x	x	x
SMART Source[SM] Solar PV MTP		x	x	x
Irrigation Load Management MTP			x	
Targeted Small Business MTP		x	x	
Residential				
AC Distributor Pilot MTP	x			
ENERGY STAR New Homes MTP	x			
CoolSaver AC Tune-Up MTP	x			
Residential SOP	x			
SMART Source[SM] Solar PV MTP	x			
Hard-to-Reach				
Hard-to-Reach SOP	x			
Targeted Low-Income Energy Efficiency Program	x			
Research and Development (R&D)				
CCET	x	x	x	x
SMART View[SM] In Home Device R&D Program	x			
R&D Programs	x	x	x	x
Total Energy Efficiency Program Budget				

	Res	Sec < 10	Sec > 10	Primary	Total
	0.5408	0.0178	0.3457	0.0957	1.0000
		0.0388	0.7528	0.2084	1.0000
2013			0.7832	0.2168	1.0000
Commercial		0.0490	0.9510		1.0000
AC Distributor Pilot MTP		$16,328	$317,005		$333,333
AEP Texas CARE$ Energy Efficiency for Not-for-Profit Agencies SOP		$8,164	$158,503		$166,667
Commercial Solutions MTP		$17,758	$344,764	$95,429	$457,951
Commercial SOP		$72,771	$1,412,832	$391,065	$1,876,667
CoolSaver AC Tune-up MTP		$32,435	$629,731		$662,167
Load Management SOP			$261,070	$72,263	$333,333
SCORE/CitySmart MTP		$35,644	$692,032	$191,551	$919,227
SMART Source[SM] Solar PV MTP		$8,617	$167,298	$46,307	$222,222
Irrigation Load Management MTP			$500,000		$500,000
Targeted Small Business MTP		$37,747	$732,859		$770,607
Residential					
AC Distributor Pilot MTP	$333,333				$333,333
ENERGY STAR New Homes MTP	$850,000				$850,000
CoolSaver AC Tune-Up MTP	$583,333				$583,333
Residential SOP	$2,956,794				$2,956,794
SMART Source[SM] Solar PV MTP	$222,222				$222,222
Hard-to-Reach					
Hard-to-Reach SOP	$1,059,352				$1,059,352
Targeted Low-Income Energy Efficiency Program	$1,408,246				$1,408,246
Research and Development (R&D)					
CCET	$17,307	$570	$11,062	$3,062	$32,000
SMART View[SM] In Home Device R&D Program	$235,000				$235,000
R&D Programs	$86,533	$2,849	$55,309	$15,309	$160,000
Total Energy Efficiency Program Budget	$7,752,120	$232,883	$5,282,465	$814,986	$14,082,454
Evaluation, Measurement & Verification					
Evaluation, Measurement & Verification	$257,242	$8,469	$164,421	$45,511	$475,643
Total Energy Efficiency Program Budget	$7,752,120	$232,883	$5,282,465	$814,986	$14,082,454
Total Budget	$8,009,363	$241,352	$5,446,886	$860,496	$14,558,097