

AEP Texas North Company

2012 Energy Efficiency Cost Recovery Factor

2010 Goal Achievement and Performance Bonus Calculation

TNC achieved a peak demand reduction of 5,091 kW and 14,194,444 kWh in energy savings from its portfolio of energy efficiency programs in 2010. TNC's self-imposed demand reduction target was 4,319 kW, and its energy savings target was 7,608,770 kWh in 2010. The total present value of the avoided costs associated with these demand reductions and energy savings is \$9,223,706. TNC's total costs for the 2010 program year were \$2,238,101. The resulting net benefits are \$6,985,605.

TNC's achievement represents 117.9% of its 2010 demand reduction target and 186.6% of its 2010 energy savings target, qualifying it for a performance bonus per Substantive Rule 25.181(h). TNC's calculated performance bonus is \$624,321; however, its maximum bonus allowed is \$447,620 which is 20% of its total 2010 energy efficiency expenditures (Subst. R.25.181(h)(3)). The following table summarizes TNC's achievements and bonus calculation.

	<u>kW</u>	<u>kWh</u>
2010 Targets	4,319	7,608,770
2010 Savings		
<i>Reported/Verified Total (including HTR and measures with <10yr EUL)</i>	5,091	14,194,444
<i>Reported/Verified Hard-to-Reach</i>	464	
2010 Program Costs		\$ 2,238,101
2010 Performance Bonus		\$ 447,620

Performance Bonus Calculation

117.87%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
186.55%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
\$ 9,233,706	Total Avoided Cost (Reported kW * PV(Avoided Capacity Cost) + Reported kWh * PV(Avoided Energy Cost))
\$ 2,238,101	Total Program Costs
\$ 6,985,605	Net Benefits (Total Avoided Cost - Total Expenses)

Bonus Calculation

\$ 624,321	Calculated Bonus ((Achieved Demand Reduction/Demand Goal - 100%) / 2) * Net Benefits
\$ 447,620	Maximum Bonus Allowed (20% of Program Costs)
\$ 447,620	Bonus (Minimum of Calculated Bonus and Bonus Limit)

(From TNC's 2011 EEPR, page 32, Project No. 39105, filed April 1, 2011)

Sponsor: Billy G. Berny