



Southwestern Electric Power Company

Arkansas Energy Efficiency Program Portfolio Annual Report

Docket No. 07-082-TF

May 1, 2026

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1.0 Executive Summary

1.1 Historical Background of the EE Portfolio

Since the Arkansas Public Service Commission (APSC or Commission) approved the “Rules for Conservation and Energy Efficiency Programs” in 2007, Southwestern Electric Power Company (SWEPCO) has steadily expanded its energy efficiency efforts.

Quick Start Period (2007–2008):

SWEPCO launched three energy efficiency programs and one demand response initiative, achieving 5,640 MWh in energy savings and 2,926 kW in demand reduction. Over 4,300 customers participated, primarily through the Compact Fluorescent Lighting Program.

Program Years 2009–2010:

In 2009, SWEPCO filed its first Comprehensive Energy Efficiency Plan (CEEP), achieving 6,076 MWh and 5,611 kW in savings. By 2010, the Company had added Market Transformation Programs and exceeded its goals by 40% (energy) and 23% (demand), delivering 10,737 MWh and 8,603 kW in savings.

Program Years 2011–2024:

SWEPCO's portfolio evolved significantly following Commission directives. Key milestones include:

- Introduction of the Consistent Weatherization Approach in 2016.
- Incremental savings targets:
 - 0.90% (2017-2018), 1.0% (2019), based on 2015 retail sales
 - 1.2% (2020-2023), based on 2018 retail sales
 - 1.2% (2024), based on 2022 retail sales
- Launch of pilot programs for income-qualified weatherization and EV education in 2020.
- A bridge year in 2023, continuing PY2022 budgets and targets.

Throughout this period, SWEPCO consistently met or exceeded its goals, demonstrating a strong commitment to energy efficiency and customer engagement. Figure 1 details annual goals and achievements, adjusted for Self-Direct customers.

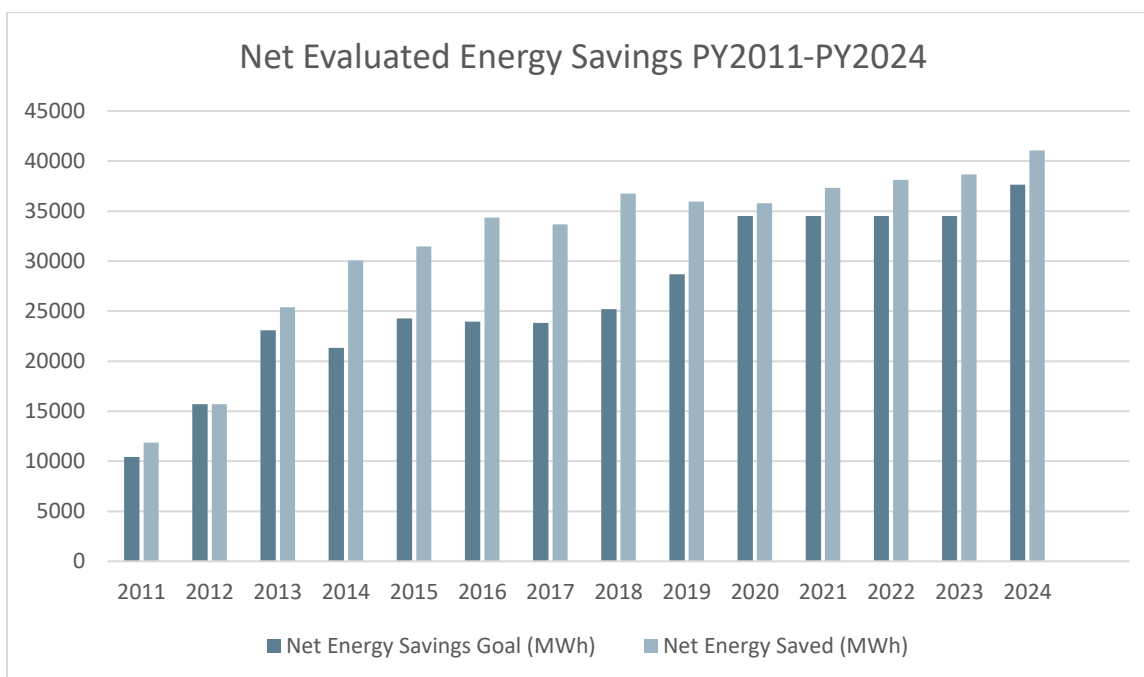


Figure 1 – Net Evaluated Energy Savings for PY2011 to PY2024

SWEPCO's energy savings from PY2011–PY2024 were independently verified through rigorous Evaluation, Measurement, and Verification (EM&V) processes. The Cadmus Group served as the primary evaluator from PY2011–PY2015, except for the Arkansas Weatherization Program (AWP), which was assessed by ADM Associates, Inc (ADM). ADM took over as the lead evaluator for all SWEPCO programs beginning in PY2016. These evaluations ensure transparency, accountability, and continuous improvement across SWEPCO's energy efficiency portfolio.

1.2 Program Year 2025 Results

1.2.1 Major Accomplishments

In PY2025, SWEPCO delivered a comprehensive portfolio of energy efficiency offerings through the Business/Industrial Solutions Program (BSP), the Home Solutions Program (HSP), and the Demand Response Program (DRP). Together, these programs provided a wide range of energy efficiency, demand reduction, and education options.

SWEPCO achieved 44,577,760 kWh in net evaluated energy savings in PY2025, reaching 116% of its filed net energy savings goal of 38,312,140 kWh. The Company also achieved 17,477 kW in net evaluated demand savings, representing 60% of its planned net demand reduction goal of 29,331 kW. Overall portfolio performance resulted in SWEPCO attaining 133% of the Commission's 1.2% target based on 2022 sales, adjusted for self-direct customer sales.

For its energy savings achievements, SWEPCO earned a Performance Incentive of \$973,448, equal to 6.8% of its approved PY2025 budget of \$14,305,564. The portfolio remained cost-effective, with a TRC benefit-cost ratio of 1.68 and TRC net benefits totaling \$9,734,477. SWEPCO's portfolio acquisition cost was \$0.30 per kWh in PY2025. Detailed first-year acquisition costs for each PY2025 program are provided in Appendix A, Section 2.5.2.2, Table 2-19, page 47.

2025 Portfolio Summary										
Net Energy Savings		Cost			Cost-Effectiveness			Goal Achievement		
Demand MW	Energy MWh	Actual Expenses	LCFC	Performance Incentives	TRC Net Benefits (NPV)	TRC Ratio	PAC Ratio	Commission Established Target % of Baseline	Actual Savings Achieved % of Baseline	% of Target Achieved (%)
17	44,578	\$ 13,219,431	\$ -	\$ 973,448	\$ 9,734,477	1.68	1.56	1.20%	1.60%	133%

Figure 2 – Energy Efficiency Portfolio Summary Update

The Company's net evaluated annualized kWh savings attributed to its PY2025 energy efficiency (EE) programs were determined by its independent EM&V contractor, ADM.

1.2.2 Goals and Objectives of EE Portfolio

SWEPCO's primary objective in PY2025 was to exceed its energy-savings target by delivering cost-effective, comprehensive energy efficiency programs across all customer classes. In the residential sector, the Company focused on expanding the Home Weatherization Pathway (HWP) to strengthen inter-fuel and inter-utility coordination and increase pathway participation and comprehensiveness. SWEPCO continued the Income Qualified Weatherization Pathway (IQW) to align with Act 1102 and worked to maintain momentum in the Efficient Products Pathway (EPP) and Residential Energy Improvement Pathway (REIP), particularly in multi-family properties.

In the commercial and industrial sector, SWEPCO aimed to sustain prior-year progress and diversify measures offered through the Small Business Pathway (SBP) and the Commercial and Industrial Energy Efficiency Pathway (CIEEP). The Company also aimed to increase participation in the New Construction Pathway (NCP) and the Strategic Energy Management Pathway (SEMP) to promote comprehensive, long-term energy efficiency improvements. The Company sought to increase participation in its Demand Response Program, including the Load Management Pathway (LMP) for C&I customers with peak demand above 50 kW and the Bring-Your-Own Thermostat Pathway (BYOTP) for residential, and small business customers below 100 kW.

The Company established the following goals for PY2025:

Home Solutions Program

- Educate REIP multi-family residents and property managers about participation opportunities in the EPP and commercial pathways.
- Increase trade ally and customer participation in the REIP CoolSaverSM HVAC tune-up through an online sign-up form.
- Expand participation in the HWP and IQW pathways.

Business and Industrial Solutions Program

- Ensure seamless cross-promotion and implementation of the CIEEP and SBP pathways.
- Broaden the measure mix in CIEEP and SBP, with emphasis on non-lighting measures.
- Increase participation in the SEMF.

Demand Response Program

- Keep LMP customers informed about other SWEPCO energy efficiency offerings.
- Increase participation in BYOTP among residential and small business customers.

All Programs

- Expand program reach by recruiting new trade allies, particularly in rural areas.
- Maintain high levels of customer satisfaction across all programs.

1.2.3 Progress Achieved versus Goals and Objectives

SWEPCO met many of its portfolio goals and objectives, as detailed in the Portfolio Pathway discussions in Section 2.0. All customer classes and market segments had access to energy assessments and pathways offering single- or multi-measure incentives. The Company continued to deliver a cost-effective portfolio of energy efficiency, conservation, and peak load reduction programs aimed at reducing electricity use and peak demand across all customer classes. SWEPCO also expanded its residential and non-residential trade ally networks, which actively participated in training provided by Implementation Staff. Examples include:

- Two reduced-cost Building Performance Institute (BPI) Building Analyst certification classes
- Three field and one in-person CoolSaver HVAC tune-up trainings at no cost for participating trade allies

The successful integrated marketing campaign continued using:

- Paid search, social media, postcards, bill inserts, and email campaigns targeted at residential and commercial customers, generating 103,800 new website visits.

1.2.4 High-Level Recap of Portfolio Savings, Participation Levels, Prior Year Comparisons

The following charts provide a high-level summary of SWEPCO's PY2025 energy efficiency portfolio performance. Figure 3 illustrates a five-year trend for budgets, expenditures, and savings. Figures 4 and 5 illustrate program-year expenditures; SWEPCO used 92% of its approved \$14,305,564 budget, with approximately 56% spent on customer and trade ally incentives.

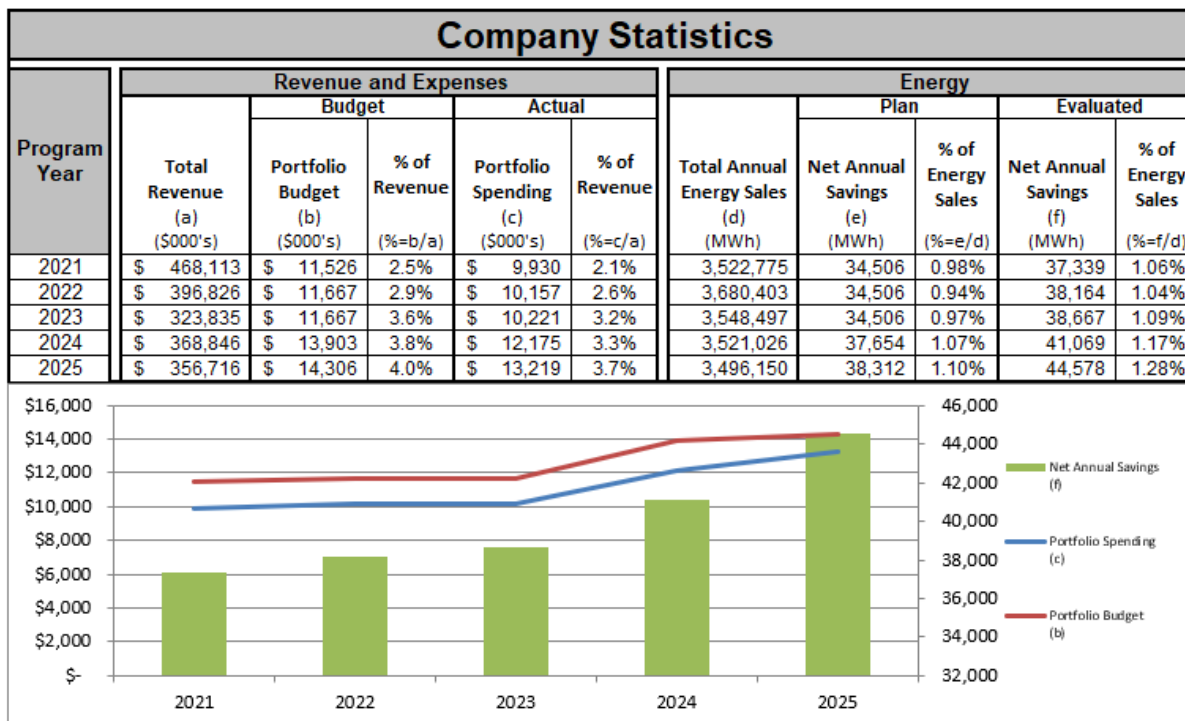


Figure 3 – SWEPCO Statistics (Note: Total Revenue and Total Annual Energy Sales include revenue and energy sales from Self-Direct customers.)

EE Portfolio Expenditures by Program					
Program Name	Target Sector	Program Type	2025		% of Budget
			Budget (\$)	Actual (\$)	
Efficient Products (EPP)	Residential	Consumer Product Rebate	720,823	675,653	94%
Home Weatherization (HWP)	Residential	Whole Home	2,361,354	2,066,144	87%
Income Qualified (IQW)	Residential	Whole Home	1,098,112	1,111,589	101%
Res Energy Imprv (REIP)	Residential	Prescriptive/Standard Offer	2,864,054	2,841,826	99%
Bring Y/Otstat (BYOT)	Res/Small Business	Demand Response	481,079	188,988	39%
Discont'd Ele Veh (EVE)	Res/Small Business	Measure/Technology Focus	-	15	-
Strat Energy Mgmt (SEM)	Res/Small Business	Behavior/Education	559,109	574,856	103%
Comm & Industrial (CIEEP)	Commercial & Industrial	Other	3,084,080	2,928,755	95%
Load Mgt (LMP)	Commercial & Industrial	Demand Response	1,007,610	786,371	78%
New Construction (NCP)	Res/C&I	Prescriptive/Standard Offer	415,993	410,761	99%
Small Business (SBP)	Small Business/C&I	Prescriptive/Standard Offer	1,596,350	1,545,629	97%
Regulatory	-	-	117,000	88,844	76%
Total			14,305,564	13,219,431	92%

Figure 4 – SWEPCO's Energy Efficiency Portfolio Expenditures by Program

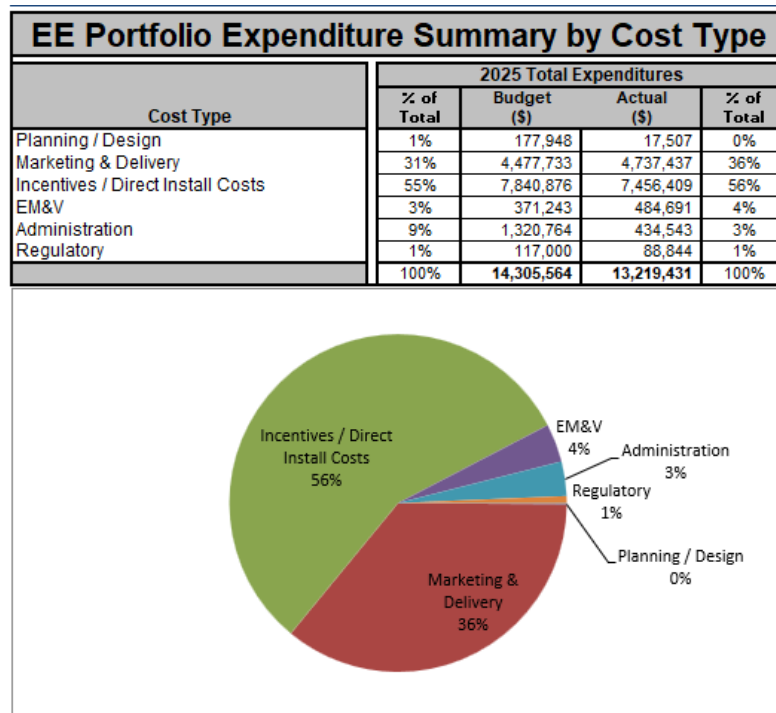


Figure 5 – SWEPCO's Energy Efficiency Portfolio Expenditure Summary by Cost Type

1.2.5 Highlights of Well-Performing Programs/Pathways

In PY2025, three pathways were the primary drivers of SWEPCO's energy efficiency portfolio: the REIP, CIEEP, and SEMP. Together they delivered 31,150,446 kWh of savings and strong customer and trade ally engagement.

The REIP led residential savings through strong participation in single-family and multifamily markets. The Company's REIP achieved 7,788,226 kWh net energy savings, or 139 % of its planned goal. The top five measures produced substantial savings, including heat pump installation, duct sealing, smart thermostats, air sealing, and CoolSaver HVAC tune-up.

The CIEEP achieved 8,691,274 kWh net energy savings, or 83% of its planned net energy savings goal, with active participation from commercial, industrial, educational, and municipal customers. Major savings were driven by upgrades to injection molding machines, reflecting continued growth in non-lighting, process-focused measures. Additional savings came from lighting retrofits, CoolSaver HVAC tune-ups, VFD air compressor, and new construction lighting projects. Outreach to engineering firms, contractors, and large facilities further strengthened engagement and supported more comprehensive projects.

The SEMP delivered strong operational and behavioral savings through assessments, data-driven opportunity identification, and continuous improvement workshops. SEMP achieved 14,670,946 kWh net energy savings, or 251% of its planned goal. SEMP remained one of the portfolio's most cost-effective pathways, driven by low- and no-cost savings opportunities.

1.2.6 What's Working and What's Not

SWEPCO continues to address persistent participation barriers by expanding the number of trade allies across all pathways. The utility's noncontiguous service territory has historically posed challenges for trade allies and retail partners, and many lower-income and rural customers lack the discretionary income needed for nonessential efficiency upgrades.

Interest in the HWP continued to decline in PY2025, likely due to market saturation. The pathway achieved 46.7% of its net savings goal, delivering 3,106,874 kWh in net energy savings. In contrast, participation in the IQW increased significantly with the

implementation of CoolSaver HVAC tune-ups and thermostat installation. IQW achieved 110.7% of its net savings goal, totaling 1,700,442 kWh.

SWEPCO also continues efforts to recruit Spanish-speaking trade allies to better reach Hispanic customers, as language barriers remain a challenge to engagement within this community.

1.2.7 Planned Changes to Programs or Budgets

During PY2026, SWEPCO will, if necessary, shift funds between programs and pathways within the Commission's budget flexibility guidelines to assist the stronger-performing pathways. SWEPCO plans to shift funds only from pathways that are not expected to reach the goal or to require the full amount of the approved budget.

Program	Pathway	Planned Incentive Budget	Energy Savings Goal
Business/ Industrial Solutions Program	CIEEP	\$1,377,260	10,206,779 kWh
	SBP	\$796,983	6,379,556 kWh
	NCP	\$363,279	1,049,537 kWh
	SEMP	\$261,436	7,071,775 kWh
Home Solutions Program	HWP	\$2,366,993	7,155,833 kWh
	IQW	\$542,219	1,524,545 kWh
	EPP	\$349,510	1,693,394 kWh
	REIP	\$1,247,996	7,220,484 kWh
Demand Response Program			Demand Reduction Goal
	LMP	\$485,000	16,250 kW
	BYOTP	\$225,753	6,736 kW

Figure 6 - PY2026 Planned Budget and Energy/Demand Goals by Pathway

1.2.8 Estimation of EE Resource Potential

The first statewide EE Potential Study was filed with the Commission on July 2, 2015, in Docket No. 13-002-U.

The second statewide EE Potential Study was initiated in PY2023 and conducted during PY2023 and PY2024 to inform future energy efficiency planning and to evaluate potential savings opportunities through 2032. SWEPCO was an active participant in the Potential Study Working Group. As of the date of this filing, the Commission has not issued an order adopting or otherwise acting on the results of the completed Potential Study.

In Order No. 79 issued in Docket No. 13-002-U, the Commission approved a bridge year for PY2027 to allow additional time for consideration of the Potential Study results and their potential implications for future program design and portfolio direction.

1.2.9 Training Achievements

SWEPCO and its Implementation Staff attended and hosted training and informational events, both in-person and virtually, as detailed in the training sections of the Standardized Annual Report Packet (SARP) Workbook. Some examples are as follows:

- SWEPCO hosted multiple training sessions covering BPI Building Analyst training, home performance best practices, residential and commercial CoolSaver HVAC tune-ups, and SEMP workshops.
- Members of the Implementation Staff attended industry training events such as the Building Performance Association National Home Performance Conference and the Association of Energy Engineers.
- SWEPCO staff participated in ongoing professional development focused on energy-efficiency marketing and emerging technologies. Training activities included conferences and webinars hosted by the Association of Energy Services Professionals (AESP), CLEAResult, and the Arkansas Association of Energy Engineers.

SWEPCO staff remained active contributors to several industry and community organizations, including AESP Committees, the Leadership Fayetteville Committee of the

Fayetteville Chamber of Commerce, and committees with the Texarkana Habitat for Humanity during PY2025.

2.0 Portfolio Programs

2.1 Business/Industrial Solutions Program

In PY2025, SWEPCO offered the Business/Industrial Solutions Program (BSP) as part of its energy efficiency portfolio, which provided a comprehensive range of customer options focused on energy efficiency, demand reduction, and educational options. The BSP consists of the following pathways:

- Commercial and Industrial Energy Efficiency Pathway (CIEEP)
- Small Business Pathway (SBP)
- Strategic Energy Management Pathway (SEMP)
- New Construction Pathway (NCP)

Program Highlights

- The BSP encouraged participants to capture deeper energy savings through comprehensive projects. SWEPCO continued to collaborate with Black Hills Energy Arkansas (BHEA) to recruit and support customers for the SEM, with nine customers actively participating in PY2025, all of which were able to demonstrate energy savings by the end of PY2025.
- The most significant HIM in PY2025 for the BSP was behavioral measures through SEM, followed by hybrid injection molding machines, and LED lighting retrofits.¹
- The program was well-received by participating customers, as shown by customer surveys regarding financial support, ease of participation, and assistance by

¹ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, p. 28

program staff. The following remarks include quotes from several customers surveyed:²

- *“The communication with the contractor was great! It was very easy to participate in the program,”*
- *“The outcome was great... we needed some assistance and I’m glad we had it.”*
- *Nearly all participants described their project as straightforward and issue-free, and several noted that contractor support—both procedural and technical—was a key contributor to satisfaction.*
- *CIEEP participants consistently report a smooth, low-burden experience, resulting in near-universal satisfaction with both the program and SWEPCO.*

Program Challenges and Opportunities

Challenges

- Participation by several high-volume contractors declined due to rising business costs driven by inflation and increased costs for goods and services, which also constrained trade ally outreach efforts.
- Some small business owners are hesitant to spend money on energy efficiency projects due to economic uncertainty.

Opportunities

- With the noted market uncertainties listed above, the BSP plans to increase its outreach for the Core SEMP component to help reach smaller, harder-to-reach customers that have a limited history of completing incentivized projects.
- The commercial smart thermostat and CoolSaver HVAC tune-up measures are

² Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, p. 118

expected to continue to provide additional customer service and energy savings.

- Enhancements to program reporting tools will enable more detailed analysis of the eligible customer base, helping identify new participation opportunities among both prior participants and customers who have not previously participated in SWEPCO's incentive programs.

2.1.1 Commercial and Industrial Energy Efficiency Pathway

2.1.1.1 Pathway Description

The CIEEP targets SWEPCO's Arkansas commercial, industrial, municipal, school, and hospital customers. Incentives are paid to customers or project applicants for the installation of a wide range of energy efficiency measures that reduce peak demand and save energy in qualifying non-residential facilities with peak demands greater than 100 kW of annual usage. Savings are determined using the currently approved Technical Reference Manual (TRM), deemed savings, or through custom Measurement and Verification (M&V) plans employing point-of-use metering. Project measures eligible for incentive payments include the replacement of existing installations of lower efficiency electric end-uses. In addition to the retrofit market, this pathway also applies to new construction or expansions. The primary EE measures targeted include, but are not limited to, lighting, HVAC equipment, refrigeration equipment, as well as custom projects that may involve manufacturing processes, variable frequency drives, and compressed air. SWEPCO markets this pathway both externally through its EE team and internally by leveraging the relationships of SWEPCO's Engineers, Account Managers, Energy Advisors, and Customer Service Account Representatives as part of its overall marketing strategy.

Project applicants, trade allies, contractors/vendors, architectural and engineering (A&E) firms, and community allies are encouraged to actively promote energy efficient projects.

2.1.1.2 Pathway Highlights

- In PY2025, the CIEEP achieved 83% of the planned net energy savings goal and 54% of the planned net demand savings goal.³
- PY2025 was the first year the hybrid and all-electric injection molding machine measure was implemented, contributing 4,476,772 kWh, or 51.5% of net energy savings.
- The contribution in lighting retrofit projects contributed 1,613,322 kWh in net energy savings in PY2025, equal to 18.5% of the pathway total net savings.
- CoolSaver HVAC tune-ups accounted for 3.2% of net energy savings for CIEEP in PY2025, and smart thermostat replacements accounted for 1.5% of net energy savings. This offering is expected to maintain this level of net savings contribution, as targeted outreach, customer awareness, and trade ally interest in participating grows.
- Due to strong customer and trade ally demand for the pathway, marketing efforts were maintained in PY2025. In addition to ongoing customer and trade ally outreach, SWEPCO promoted the CIEEP at several local and regional venues, including:
 - Individual customer outreach and education
 - Two Community Ally Events
 - Cross-promotion during SEMP workshops
 - Two technical training presentations on energy efficiency for large commercial and industrial customers.
 - Northwest Arkansas AEE Chapter member meetings
 - Northwest Arkansas ASHRAE Chapter member meetings

³ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 4-9, p. 89

- Pathway staff continued to enhance their energy efficiency knowledge through training offered by the Arkansas Manufacturing Solutions, the Arkansas Association of Energy Engineers, and AESP. Training included:
 - AESP National Conference
 - Continuing Education opportunities (webinars, CLEAResult Energy Forum, DLC)
- Continued cross-promotion of CIEEP and LMP has consistently increased customer satisfaction.
- Pathway staff observed continued market transformation with pathway participants from previous years seeking input on more comprehensive energy efficiency projects beyond lighting.

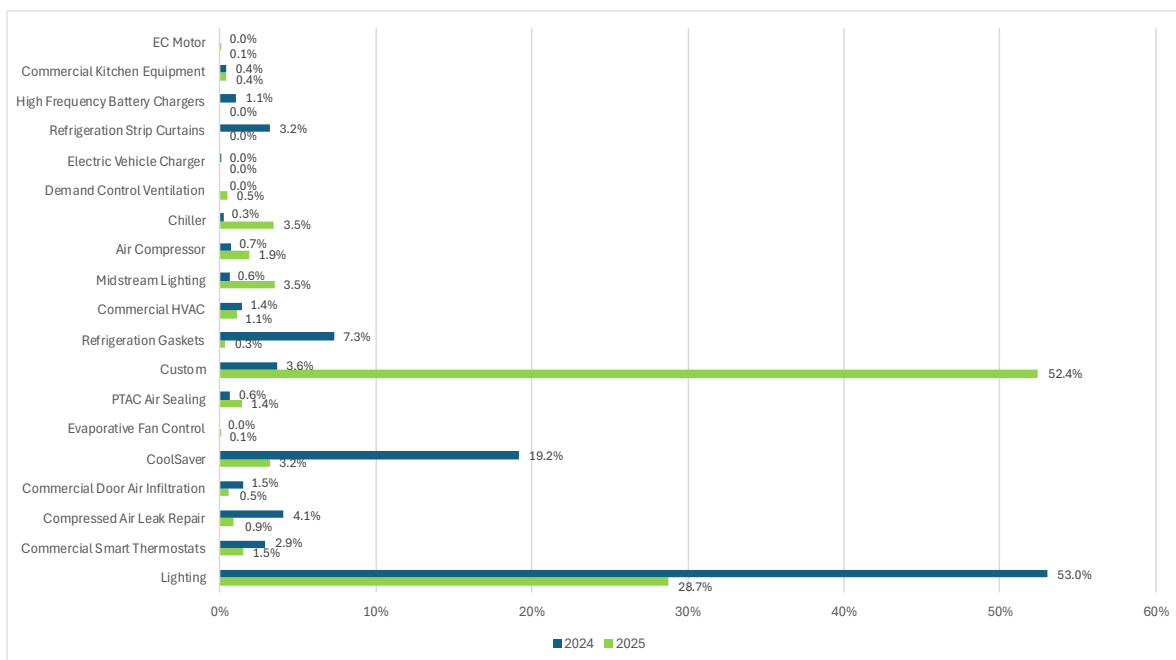


Figure 7 – PY2024-PY2025 Percentage of Net Energy Savings Achieved by Measure

Figure 7 highlights pathway comprehensiveness through multiple energy efficiency measures.

2.1.1.3 Pathway Budget, Savings, and Participants

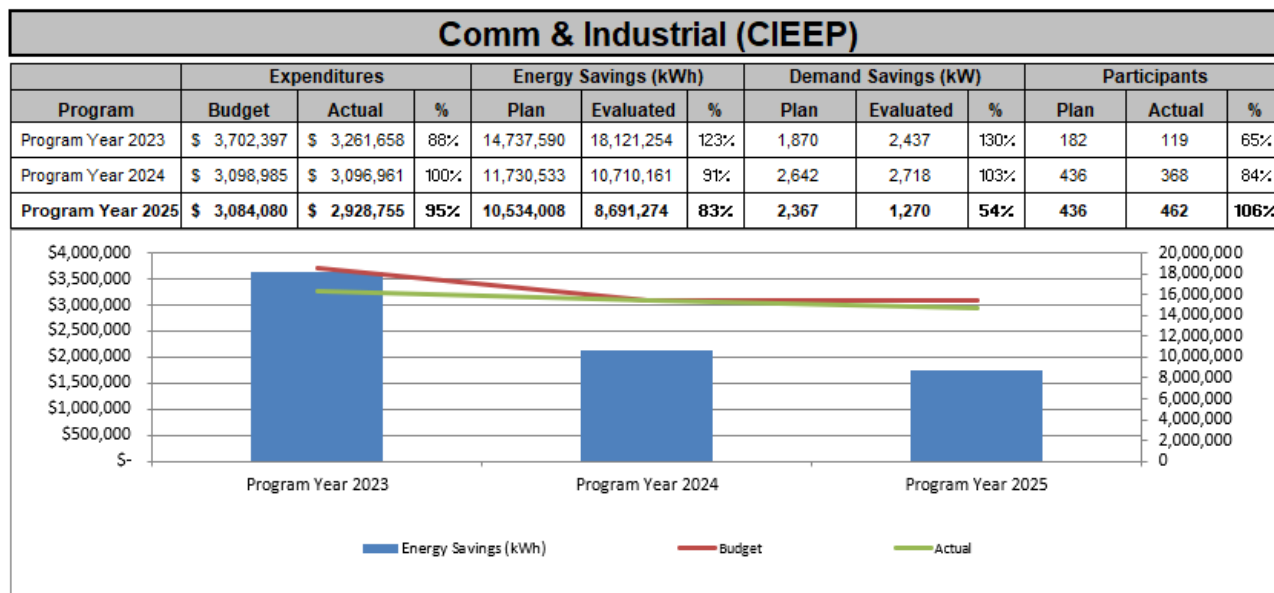


Figure 8 – Commercial and Industrial Energy Efficiency Pathway Trends

2.1.1.4 Description of Participants

For CIEEP, a participant is defined as a completed project. As previously stated, pathway eligibility was available to all commercial and industrial customers with a minimum peak demand greater than 100 kW, with the exception of customers approved to self-direct.

2.1.1.5 Challenges and Opportunities

Challenges

- Market conditions and upcoming federal regulations continue to highlight the need for energy savings measures other than traditional lighting measures. SWEPCO was successful in the CIEEP in PY2025 in diversifying the types of completed measures.
- Certain financial effects continue to impact the CIEEP adversely, with capital improvements reduced due to supply chain issues and the aftereffects of transitory inflation.

- New federal HVAC baseline efficiency standards (EER2, SEER2, HSPF2) have created challenges for contractors in determining program eligibility for new equipment.

Opportunities

- CoolSaver HVAC tune-up contributions to CIEEP declined from 1,901,942 net kWh in PY2024 to 277,869 net kWh in PY2025. Program uptake may be improved by expanding participation among new trade allies and incorporating smart thermostat offerings into tune-up activities to increase replacement opportunities in PY2026.
- Midstream lighting contributions to the CIEEP increased from PY2024 to PY2025, going from 67,316 to 302,284 kWh in net energy savings, and interest in the offering is picking up with new distributors joining the network.
- Combined lighting categories accounted for 32.2% of the pathway's net energy savings. Program staff will continue market education beginning at the design stage to promote the installation of DLC- and ENERGY STAR®-qualified lighting, reducing project disqualifications. The addition of the NCP presents an opportunity to expand this approach within new construction projects and increase penetration in CIEEP-aligned sectors.
- As a result of continued outreach, the implementation team completed several large facility energy audits in PY2025, including SEMP energy audits and subsequent customer education on improvement opportunities, and will continue to do so in PY2026.
- Customers continued to show interest in compressed air leak repair projects throughout PY2025, with additional projects expected to be completed in PY2026.
- Team members continue to increase their market engagement and outreach. This includes continual engagement of mechanical contractors and building a strong pipeline of new construction projects through outreach to customers, contractors, and A&E firms.

2.1.1.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's CIEEP incentive budget for PY2026 will be \$1,377,260, with a gross energy savings goal of 10,206,779 kWh.
- The CIEEP will remain a pathway within SWEPCO's BSP.
- Program staff will focus on recruiting a diverse group of participating trade allies and A&E firms throughout the year, beginning with joint CIEEP and SBP Contractor Kickoff events in January 2026.

2.1.2 Small Business Pathway

2.1.2.1 Pathway Description

The SBP targets commercial customers with a maximum demand up to and including 100 kW. The pathway offers incentives for measures such as lighting, HVAC, direct install, refrigeration upgrades, and more. SBP is a contractor-driven pathway, with much of the pathway marketing, site assessments, and project installations being performed by trade allies. Historically, SWEPCO has paid incentives to the participating trade allies who deduct the incentive amount from the customers' project costs. As the pathway has diversified its measure offerings, customers may now, in some cases, receive their incentive payment directly from SWEPCO.

2.1.2.2 Pathway Highlights

- In PY2025, the SBP achieved 69% of the planned net energy savings goal and 76% of the planned net demand savings goal.⁴
- Pathway staff continued to focus on geographic regions with historically lower participation rates and the diversification of measures contributing to pathway

⁴ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 4-13, p. 91

savings. SBP projects were completed in 21 cities throughout SWEPCO's service territory.

- Ongoing relationship-building efforts resulted in a significant increase in savings contributions from a lighting trade ally, elevating the participant from minimal engagement to the highest contributor by total savings.
- Continued implementation of Packaged Terminal Air Conditioner (PTAC) with electric resistance heat recycling measure encourages replacement with heat pumps. Recycling measures contributed 235,438 kWh to net SBP savings in PY2025. The strong synergy between equipment recycling and heat pump replacements, including mini-splits, unitary systems, and Packaged Terminal Heat Pumps, is expected to continue driving participation in PY2026.
- Maintained an online Field Tool and Portal to provide SBP trade allies with the ability to create incentive estimates and submit project applications electronically
- Promoted the SBP to 277 individuals via in-person and virtual outreach. The pathway experienced an increase in the number of participants from 712 in PY2024 to 845 in PY2025.
- The contribution in net energy savings of lighting retrofit projects to SBP (including midstream projects) increased from 73.7% in PY2024 to 80% in PY2025. Additional contributions were made by PTAC air sealing, commercial smart thermostats, CoolSaver HVAC tune-ups, refrigerated gaskets, and strip curtains.
- CoolSaver HVAC tune-ups, including smart thermostat replacements, contributed 430,398 kWh, or 10.3%, to net energy savings.

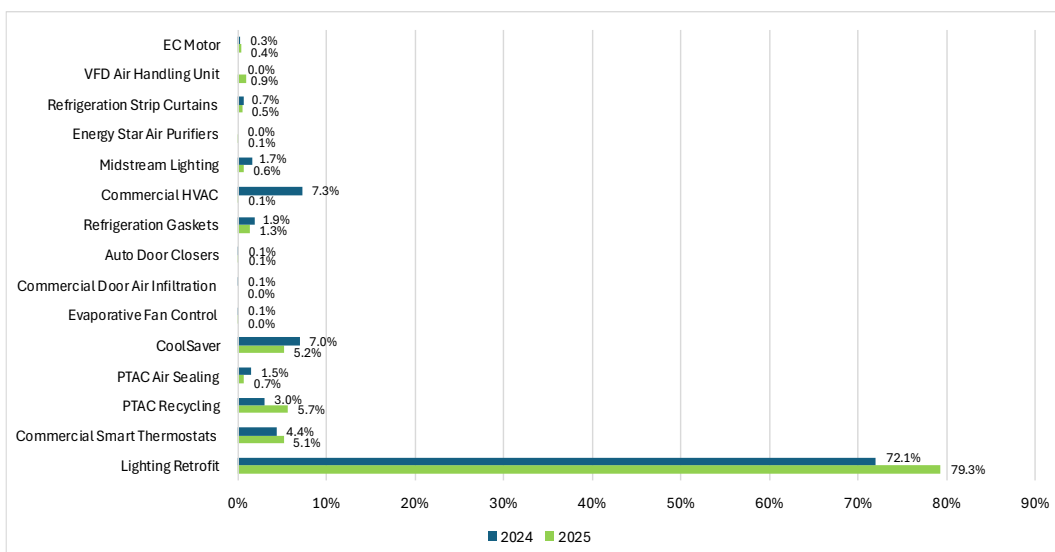


Figure 9 – PY2024- PY2025 Percentage of Net Energy Savings Achieved by Measure

Figure 9 highlights pathway comprehensiveness through multiple energy efficiency measures.

2.1.2.3 Pathway Budget, Savings, and Participants

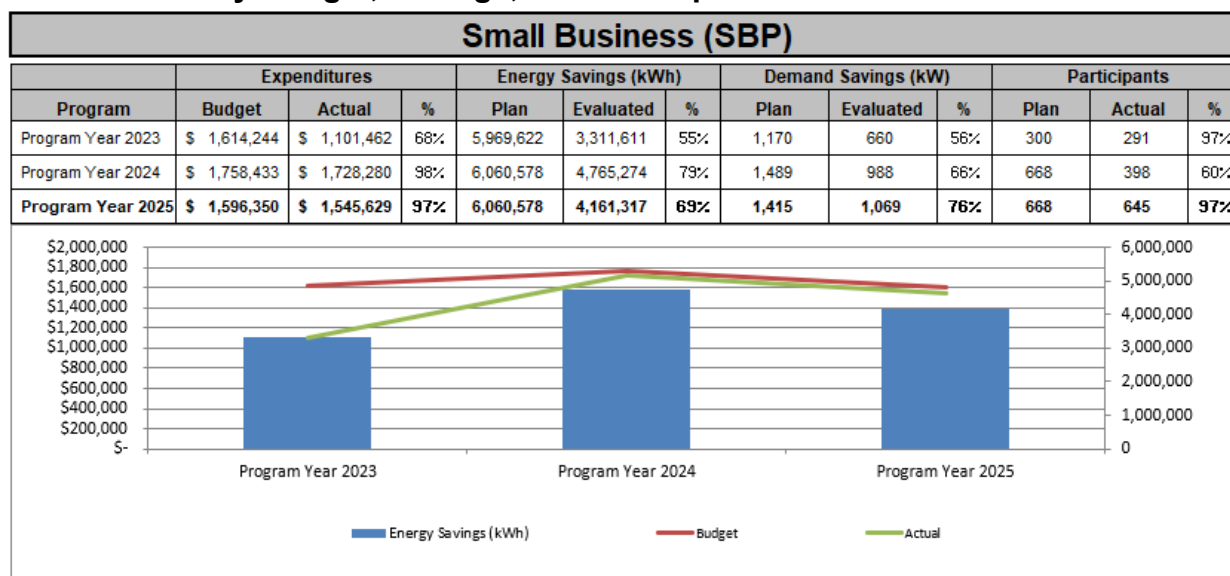


Figure 10 – Small Business Pathway Trends

2.1.2.4 Description of Participants

SWEPCO considers each SBP project to be a participant.

2.1.2.5 Challenges and Opportunities

Challenges

- In PY2025, the SBP experienced a decrease in net energy savings and an increase in net demand savings compared to PY2024. Supply chain disruptions, inflationary pressures, and staff transitions negatively impacted contractor activity throughout the program year.
- Most trade allies have a business model that supports a single measure. Therefore, they continue promoting single, core measures to their customers. Though several trade allies have expressed interest in expanding to offer additional measures beyond lighting, to date, these attempts have not had long-term success. As relationships with trade allies develop and their businesses grow, the program will have opportunities to influence and broaden their offerings to customers.
- Market conditions and upcoming federal regulations continue to highlight the need for energy savings measures other than traditional lighting measures, marked by the decrease in net savings contribution from lighting retrofit measures.

Opportunities

- CoolSaver HVAC tune-up contributions to SBP declined from 332,663 kWh in PY2024 to 216,529 kWh in PY2025, while commercial smart thermostat savings increased modestly from 209,523 kWh to 213,869 kWh over the same period. Planned expansion of the trade ally network, increased outreach to small businesses to drive CoolSaver participation, and continued provision of smart thermostats to contractors are expected to increase SBP net energy savings in PY2026.
- Commercial direct install measures, including weather stripping, strip curtains, and air sealing, savings decreased from 201,688 kWh in PY2024 to 103,701 kWh in PY2025, demonstrating the importance of the measure to the SBP pipeline.

For PY2026, an enhanced focus on direct install measures and increased outreach will be supported by the local program team and trade allies.

- Pathway staff will continue to pursue opportunities with trade allies whose core business model extends beyond lighting to become active in the SBP and the CIEEP.
- Team members continue to drive customer and trade ally engagement and outreach, especially for the recruitment of new construction, HVAC, and commercial food service trade allies, as well as midstream vendors.

2.1.2.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's SBP incentive budget for PY2025 will be \$796,983, with a gross energy savings goal of 6,379,556 kWh.
- The SBP will remain a pathway within SWEPCO's BSP.

2.1.3 Strategic Energy Management Pathway

2.1.3.1 Pathway Description

The SEMP is an energy efficiency pathway targeted to Arkansas commercial and industrial customers served by SWEPCO. Customers will be provided with assistance in identifying qualifying opportunities to save energy, quantifying energy and demand savings, and completing project applications as needed. Monetary incentives will be paid to eligible participants for the implementation of a wide range of electric energy-saving opportunities at qualifying non-residential facilities. Participants in the SEMP must meet minimum eligibility criteria, comply with all pathway rules and procedures, and execute a project application with SWEPCO, as more fully described below. Eligible SEMP opportunities are typically no and low-cost behavioral and operational changes, such as instructing employees to turn off equipment at the end of the week that would otherwise idle throughout the weekend.

2.1.3.2 Pathway Highlights

- In PY2025, the SEMP achieved 251% of the planned net energy savings goal and 139% of the planned net demand savings goal.⁵
- SWEPCO continued inter-utility collaboration with BHEA with the offering of the SEMP to large commercial and industrial customers and recruiting new participants.
- Maintained monthly touch-base calls to stay engaged with participants wherein SEMP progress and facility capital projects were discussed, which led to contributions to CIEEP for PY2025.
- Four SEMP workshops were held: one in person and three virtually.
- Multiple industrial customers attained an internal corporate energy efficiency or sustainability award for their energy savings accomplished through the SEMP.

2.1.3.3 Pathway Budget, Savings, and Participation

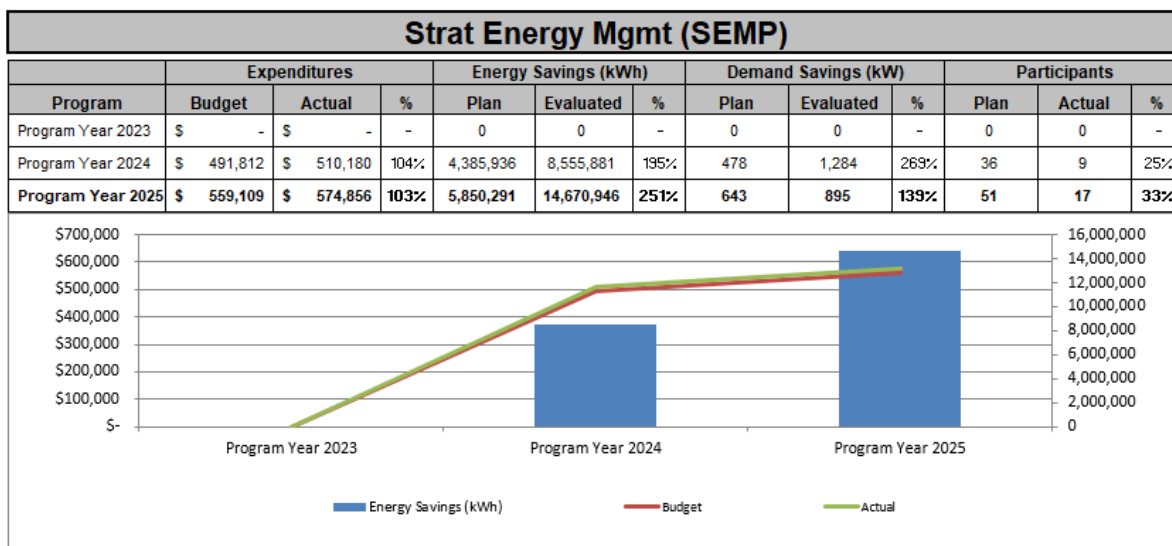


Figure 11 – Strategic Energy Management Pathway Trends

⁵ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 4-11, p. 90

2.1.3.4 Description of Participants

A SEMP participant is defined as an organization that has agreed to participate, including assigning an Energy Champion who meets regularly with the program team and attempts to continually implement best practices for saving energy.

2.1.3.5 Challenges and Opportunities

Challenges

- Energy savings are often impacted by turnover of the energy champion, executive sponsor, or energy teams, which can result in lost knowledge and no or reduced SEMP savings for a period.
- Core SEMP offering net savings contribution marginally increased from 337,260 kWh in PY2024 to 338,311 kWh in PY2025, showing engagement from these participants but also an area of potential for future growth in this pathway.
- Energy savings are often a function of a customer's business changes, for example, shift hours change from 24/5 to 24/6 or 24/7 or a loss of one or two days of energy savings from shutting down equipment on weekends.

Opportunities

- Began closing SEMP projects by mid-year for customers whose model shows savings at that point, keeping the customer energy teams engaged and involved.
- Focus on strengthening the energy team and making energy best practices standard across the organization, rather than being one employee's job.
- Turnover, while difficult in the short term, often results in new SEMP opportunities being discovered by adding new people to the energy team with different backgrounds and experience.
- National interest in behavioral energy efficiency programs is noted to be on the rise, gaining widespread attention, contributing to increasing program awareness

2.1.3.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's SEMP incentive budget for PY2026 will be \$261,436, with a gross energy savings goal of 7,071,775 kWh.
- The SEMP will remain a pathway within SWEPCO's BSP.

2.1.4 New Construction Pathway

2.1.4.1 Pathway Description

SWEPCO's NCP promotes the installation of energy-efficient technologies for new construction and remodeling in the small business sector and for SWEPCO's New Homes Program for single-family residences. The NCP is designed to identify projects from inception through various channels to position SWEPCO to engage decision-makers and to influence the installation of incentivized energy-efficient measures for their projects.

For the SBP option, SWEPCO will target all eligible non-residential customers within its service territory with 100 kW or less in maximum billing demand. SWEPCO's targeted approach will reach out to business owners, architects, engineers, property management companies, realtors, and planning departments and will also utilize local construction reports, such as Dodge Reports and local municipal lead generation.

For the SWEPCO New Homes Program, SWEPCO will target all eligible new residential construction within its service territory. Targeted customers will include, but not be limited to, small to medium-sized spec-home builders, individual homeowners building their residence, custom homebuilders, residential architects, local Homebuilder's Associations, and contractors.

The NCP will use a coordinated outreach approach that includes SWEPCO EE staff and the implementation team, as well as SWEPCO Customer Service Account Representatives and engineering field personnel. This combined effort will offer a targeted approach to include site-specific energy analysis based upon floor plans, financial incentives, marketing, and energy education. It maximizes installation of, but is

not limited to, high-efficiency HVAC, lighting and lighting controls, heat pump water heating, cooking equipment, EV charging, ENERGY STAR smart thermostats and appliances, and custom measures.

2.1.4.2 Pathway Highlights

- In PY2025, the NCP achieved 482,893 kWh net energy savings or 66% of the 727,832 kWh planned net energy savings goal⁶ and 72.8 kW demand savings⁷ or 61% of the 120 kW⁸ planned net demand savings goal.
- A total of 48 projects were completed, including 10 New Homes Program projects and 38 small commercial projects, with total incentive expenditures of \$221,414. Lighting measures accounted for 73% of ex ante kWh savings. Commercial HVAC measures contributed 8%, Heat Pumps Water Heaters accounted for 10%, and the remaining 9% of energy savings resulted from EV chargers, dishwashers, refrigerators, smart thermostats, water heaters, and other deemed equipment.
- Conducted 91 in-person and virtual meetings with A&E firms, builders, and developers to promote awareness of pathway incentives and processes. Early-stage awareness of incentives appears to be increasing and may enhance the program's ability to influence design decisions, with one participant reporting incentive awareness prior to planning, an outcome not observed in the PY2024 evaluation.⁹
- Built a strong core of consistent builders/contractors who previously participated in the REIP NEW HOMES pathway to continue successful participation in NCP.
- Incentivized the first TEAL central heat pump water heating system in Arkansas with Specialized Development's First Street Flats project, realizing 89,238 kWh and 8.44 kW in savings

⁶ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-8, p. 299

⁷ Ibid, Table 4-16, p. 92

⁸ Ibid, Table 4-15, p. 92

⁹ Ibid, p. 35

- Developed strong relationships with Specialized Real Estate Group, Buffalo Builders, and High Street Development for several multi-year projects currently underway utilizing measures from the NCP, CIEEP, SBP and REIP pathways.
- Doubled-up on the ‘hands-on’ approach to enroll NCP customers with great success - “No participants reported challenges with participating in the program and all reported that they were very satisfied with the program overall.”¹⁰

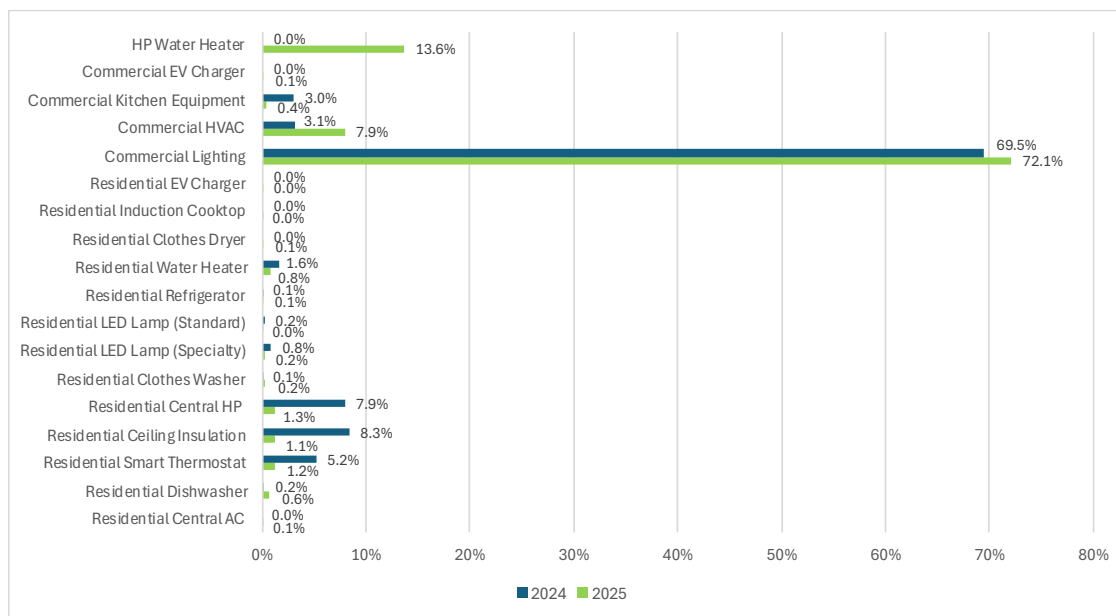


Figure 12 – PY2024-PY2025 Percentage of Net Energy Savings Achieved by Measure

¹⁰ Ibid, p. 39

2.1.4.3 Pathway Budget, Savings, and Participants

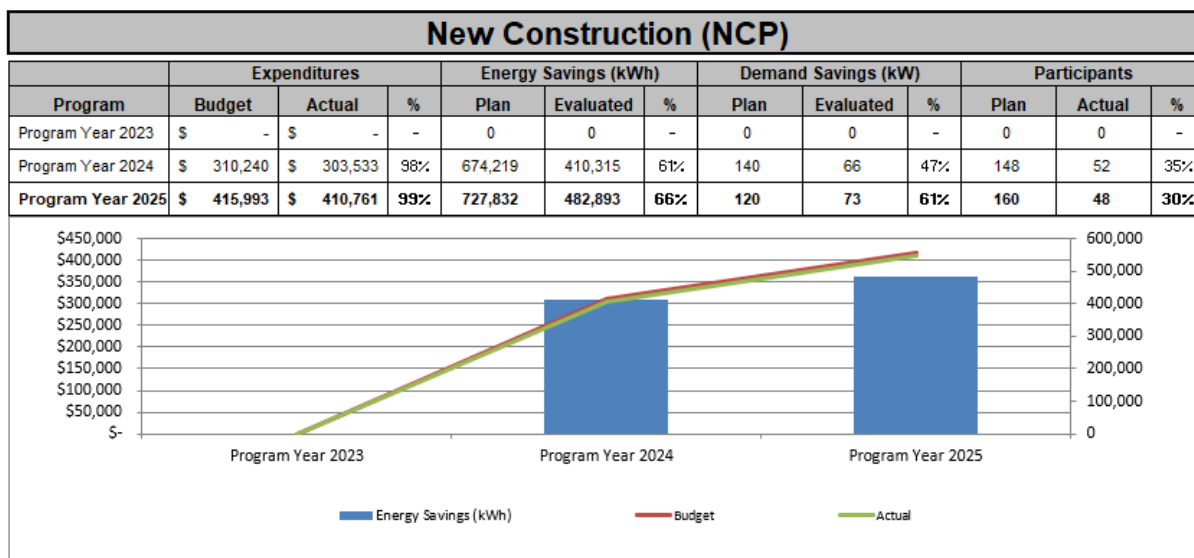


Figure 13 – New Construction Pathway Trends

2.1.4.4 Description of Participants

For NCP, the participant count represents the number of incentivized projects.

2.1.4.5 Challenges and Opportunities

Challenges

- High upfront cost remains the dominant barrier to adopting energy-efficient design, reported by all surveyed respondents, while secondary constraints—limited technical knowledge, lack of incentive awareness, and insufficient support from project teams—affect roughly one-third of participants.¹¹

¹¹ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, p. 118

- Most projects are value-engineered at the end of the project(s) to install only base models-minimum performance.
- Projects are too far along in the design or construction phase when discovered.
- It's a challenge of breaking the mold – “We’ve always done it this way”.
- The NTG ratio was 51% for the NCP participants. The lower ratio may have been a function of the newness of the program, and as the program matures, it may be able to reach participants earlier in the design/build process.¹²

Opportunities

- Free ridership for the NCP program is higher than for other programs, but opportunities exist to increase early engagement and program influence. Respondents primarily learned about the program during the design and construction phases, suggesting that earlier intervention could enhance program impact. Continued engagement with engineers and architects may help shift participation earlier in the process, potentially reducing free ridership.
- Leveraging relationships within the local and regional construction market is starting to pay dividends, with many instances of contractor, architect, and developer overlap with similar projects.
- Developing high-value marketing collateral to promote the pathway is in the development stages – reference materials to be used in the architect and engineering offices.
- Direct networking with the realtor and banking communities has proven to be an effective channel of pathway promotion.

2.1.4.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's NCP incentive budget for PY2026 will be \$363,279, with a gross energy savings goal of 1,049,537 kWh.

¹² Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 4-3 p. 84

- The NCP will remain a pathway within SWEPCO's BSP.
- Design enhancements planned for PY2026 include increased market awareness through outreach with A&E firms, developers, builders, realtors, and contractors.

2.2 Home Solutions Program

In PY2025, SWEPCO offered the Home Solutions Program (HSP) as part of its energy efficiency portfolio, which provided a comprehensive range of customer options focused on energy efficiency, demand reduction, and education. The HSP consists of four pathways:

- Home Weatherization Pathway (HWP)
- Income Qualified Weatherization Pathway (IQW)
- Residential Energy Improvement Pathway (REIP)
- Efficient Products Pathway (EPP)

Program Highlights

- In-person outreach continued in PY2025 through home shows and various events, including two Community Ally meetings. There were 389 residential outreach and training events with 1,415 attendees held in PY2025.
- Continued joint weatherization projects with BHEA and Summit Utilities, the natural gas providers that overlap SWEPCO's service territory
- Condensed the utility pathway brochures into a single trifold brochure covering three of the four residential pathways and provided it in both English and Spanish.
- Conducted two BPI Building Analyst training and certification classes for trade allies, resulting in seven newly certified personnel and six certification renewals. Certifications earned included seven Building Analyst-Technician and eleven Building Analyst-Professional credentials. The classes were funded by SWEPCO and BHEA and offered to participating trade allies at a reduced cost.

- Utilized a no-cost online trade ally training portal for Continuing Education Units (CEU) and provided low-cost, virtual and in-person BPI training classes.
- Continued training the participating IQW trade allies to identify and implement additional measures and broaden the focus on health and safety.
- SWEPCO worked with gas utilities to share HVAC incentive costs for shared customers and conducted in-field training and mentoring with trade allies participating in multiple utility programs to align installation practices and quality assurance for dual-fuel customers.
- Duct sealing (26%), LED lamps (16%), central heat pump replacement (13%), air infiltration (9%), ceiling insulation (8%), smart thermostats (8%), and PTAC recycling (8%) are the HIMs in the residential sector and equal 88% of program *ex ante* energy savings.¹³

2.2.1 Home Weatherization Pathway

2.2.1.1 Pathway Description

The HWP targets residential customers and connects eligible customers with a network of trained trade allies to install measures that save energy, reduce peak demand, and improve indoor comfort, air quality, and safety in existing residences.

Effective in PY2016, the HWP (formerly HPwES) was restructured to operate in accordance with the Commission's Consistent Weatherization Approach (CWA). HWP eligible homes must have been occupied for the last twelve months and be ten years old or older or have had an electric bill in the last twelve months that exceeds \$0.10 per square foot. All incentives are paid directly to the installing trade ally based on the eligible measures meeting energy efficiency standards in the home. Pathway core measures include a comprehensive energy assessment, duct sealing, air infiltration, ceiling insulation, LEDs, advanced power strips, low-flow showerheads, and faucet aerators. SWEPCO markets HWP through an integrated marketing campaign.

¹³ Appendix A, ADM Associates, Inc. PY 2025 Evaluation Report, p. 28

The national HPwES Program is a Department of Energy (DOE) and Environmental Protection Agency (EPA) backed program that endorses a “whole-house” approach where each project begins with a comprehensive home energy assessment. SWEPCO was the first ENERGY STAR Sponsor of the HPwES Pathway in Arkansas.

2.2.1.2 Pathway Highlights

- In PY2025, the HWP had 926 homes participate, achieving 3,106,874 kWh in net energy savings, which is 46.7% of the planned net energy savings goal of 6,645,777 kWh¹⁴. The pathway also achieved 1,194.19 kW in net demand savings or 50.6% of the planned net demand goal of 2,359.41 kW.¹⁵
- Total spend for HWP in PY2025 was \$ 2,066,144, which is 63.7% of the pathway budget. HWP was cost-effective, with the TRC, UCT, and PCT cost benefit ratios well above 1.0.
- Continued the use of a joint utility Trade Ally Weatherization Portal for participating trade allies to submit project data electronically
- Continued the use of in-house rapid response team
- Continued the successful joint utility partnership with BHEA and Summit Utilities. In total, the partnerships resulted in 288 customers receiving a joint-use trade ally visit, a single quality assurance visit, and a joint comprehensive energy assessment report.
- Continued the use of a customer waiting list process to connect customers, who contacted the toll-free pathway number or enrolled through the SWEPCO website, with an available trade ally, resulting in 1,105 leads distributed to trade allies.
- Continued utilizing an Energy Assessment Report for trade allies, helping to streamline the data gathering process, and create a uniform customer report for SWEPCO and BHEA joint customers

¹⁴ Appendix A, ADM Associates, Inc. PY 2025 Evaluation Report, Table 2-8, p. 29

¹⁵ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-7, p. 25

- On average, a single HWP participant received measures that resulted in 3,251 kWh of energy savings and incentives that totaled \$1,091.55.¹⁶ As shown in Figure 14 below, duct sealing continued to be the primary savings driver for this pathway.

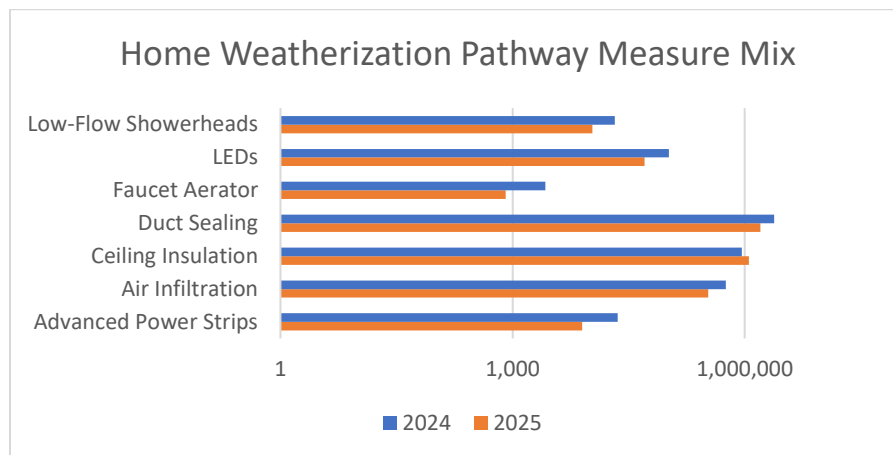


Figure 14 – PY2024-PY2025 Net Energy Savings Achieved by Measure

2.2.1.3 Pathway Budget, Savings, and Number of Measures

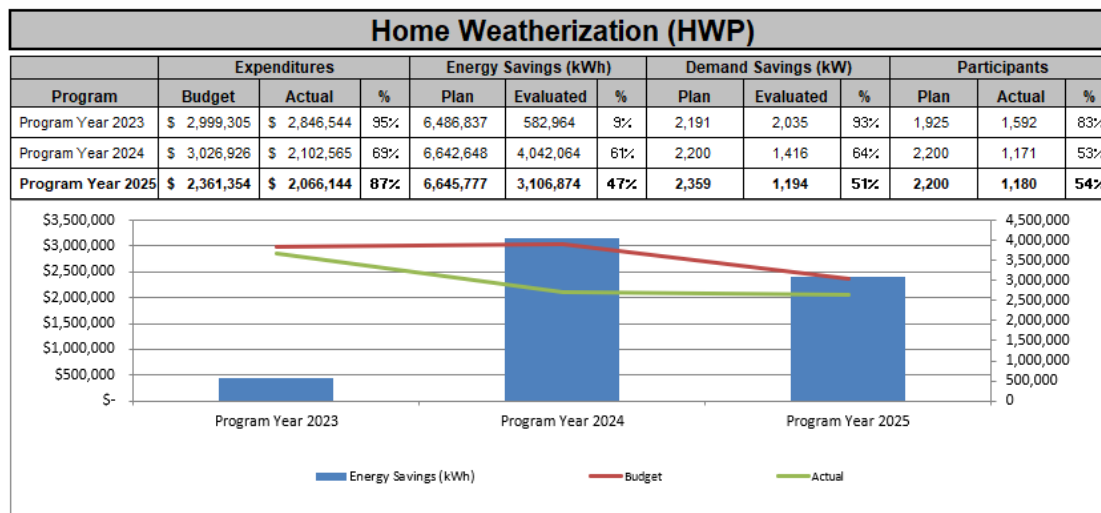


Figure 15 – Home Weatherization Pathway Trends

¹⁶ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 5-86, p. 163

2.2.1.4 Description of Participants

For HWP, the participant count represents the number of incentivized projects (homes).

2.2.1.5 Challenges and Opportunities

Challenges

- The cost of materials, such as insulation, continued to rise in PY2025, presenting a challenge for trade allies.
- Overcoming the language barrier in some communities continues to be challenging, with the lack of Spanish-speaking trade allies
- Market saturation in northwest Arkansas is becoming a challenge for identifying qualifying homes.

Opportunities

- Continue to provide trade allies with resources, updates, and BPI Building Analyst training opportunities
- Continue streamlining data collection and reducing paperwork through the use of the joint utility Trade Ally Weatherization Portal to support faster incentive payment processing.
- Compile a list of participants from other pathways to determine eligibility for participation in HWP, thereby increasing leads
- Conduct targeted outreach to subdivisions that have reached the 10-year participation requirement for homes.

2.2.1.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's HWP incentive budget for PY2026 will be \$2,366,993, with a gross energy savings goal of 7,155,833 kWh.
- The HWP will remain a pathway within SWEPCO's HSP.

2.2.2 Income Qualified Weatherization Pathway

2.2.2.1 Pathway Description

The Commission issued ACT 1102 to better serve LIHEAP-eligible customers and those 65 years of age and older. In response, SWEPCO launched the IQW as a pilot in PY2020, leveraging the successful delivery framework of the existing HPwES pathway. The IQW connects eligible customers with trained trade allies to install measures that save energy, reduce peak demand, and improve indoor comfort, air quality, and safety.

To qualify for participation in the IQW, customers must meet the following criteria:

- Be a residential customer served by a SWEPCO electric meter.
- Reside in a home that is individually metered, as verified by an active SWEPCO account number.
- The residence meets the Arkansas CWA requirements:
 - Must have 12 months of usage history and
 - Be 10 years old or older, or
 - Have a highest electric bill in the previous 12 months exceeding \$0.10 per square foot.
- Be LIHEAP-eligible or at least 65 years of age, with eligibility self-certified.
- Tenant-occupied dwellings are eligible with property owner permission.
- The residence must not have previously participated in the Arkansas Weatherization Pathway, SWEPCO HWP or IQW, or other utility weatherization programs. Customers previously participating in these programs may still be eligible for SWEPCO's REIP.

IQW customers receive the same no-cost measures covered under the Commission's 2016 CWA, which include:

- Comprehensive Energy Assessment
- Duct Sealing
- Air Infiltration

- Ceiling Insulation
- LEDs
- Advanced Power Strips
- Low-flow Showerheads
- Faucet Aerators

The IQW also offers incentives for the installation of non-traditional, no-cost direct install measures, including:

- ENERGY STAR Smart Thermostats, when Wi-Fi is available
- ENERGY STAR Air Purifiers
- CoolSaver HVAC Tune-Ups

Pursuant to Order No. 51 in Docket No. 13-002-U, up to \$500.00 per home may be applied toward Health and Safety measures, including but not limited to:

- Minor Electrical and Plumbing Repairs
- HVAC Repair
- Gas Safety Issues
- Dryer Vent Cleaning
- Flue Repair
- Exterior Moisture Control
- Furnace Filter
- Smoke/CO Detectors
- Mechanical Ventilation, installed in accordance with ASHRAE 62.2-2013 guidelines

The IQW is implemented in coordination with local gas utilities that share service territory. To supplement the IQW Pathway measures, SWEPCO offers additional measures through the REIP to help reduce the cost of installing more energy efficient measures not included in the no-cost IQW.

2.2.2.2 Pathway Highlights

- In PY2025, the IQW had 695 homes participate, exceeding the participation goal of 250, resulting in the achievement of 1,700,442 kWh of net energy savings, or 110.7% of the planned net energy savings goal. The IQW achieved 605.71 kW of net demand energy savings, or 99.6% of the planned net demand goal.¹⁷
- Total spend for IQW in PY2025 was \$1,111,589, which is 132.2% of the pathway budget. IQW was cost-effective, with the TRC, UCT, and PCT cost benefit ratios well above 1.0 with a levelized cost of \$0.052 per kWh.¹⁸
- On average, IQW participants received measures that resulted in 2,565 kWh of net energy savings and incentives that totaled \$876.61.¹⁹ As shown in Figure 16 below, duct sealing continued to be the primary savings driver for this pathway.
- Continued to increase the participation in PY2025 by expanding outreach to LMI customers residing in manufactured homes. While the full suite of weatherization measures could not be completed, customers received walk-through assessments, direct install, health and safety measures, along with CoolSaver HVAC tune-ups where feasible.
- Continued training trade allies to identify and implement mechanical ventilation installations, according to ASHRAE 62.2-2013 guidelines, and broadened the focus on health and safety.
- Continued the successful joint utility partnership with BHEA and Summit Utilities, resulting in 180 customers receiving a joint-use trade ally visit, a single quality assurance visit, and a joint comprehensive energy assessment and report.

¹⁷ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-8, p. 29 and Table 2-7, p. 25

¹⁸ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-9, p.30 and Table 2-18, p. 46

¹⁹ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 5-90, p. 165

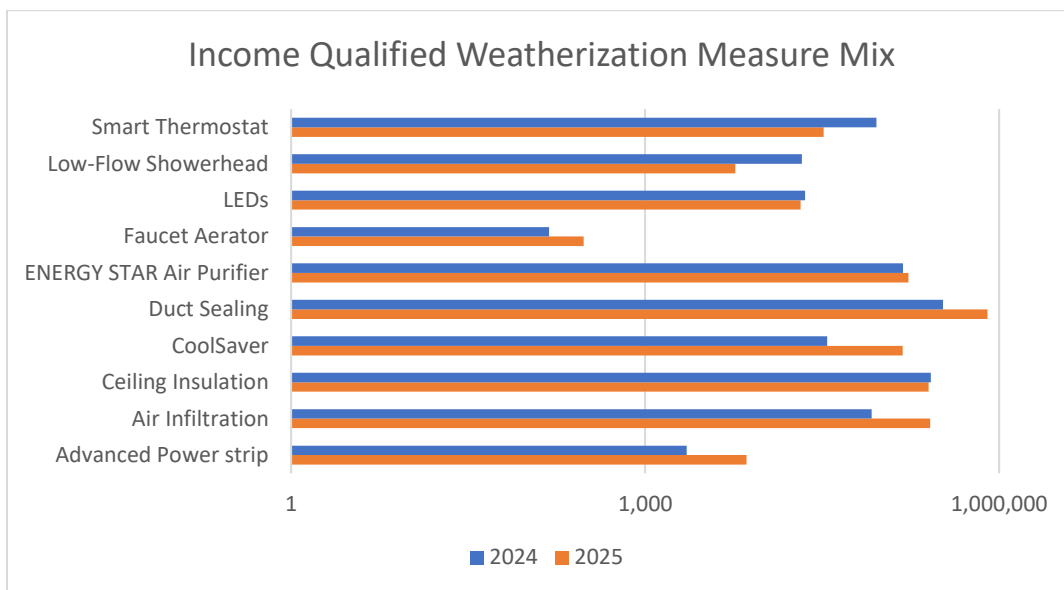


Figure 16 – PY2024-PY2025 Net Energy Savings Achieved by Measure

2.2.2.3 Pathway Budget, Savings, and Number of Measures

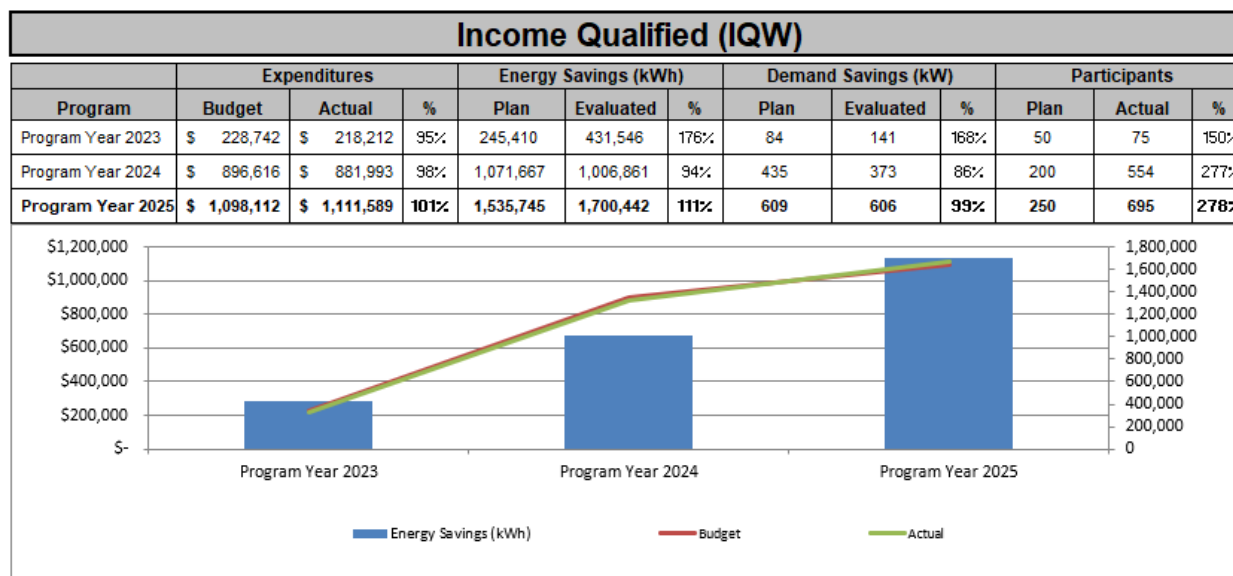


Figure 17 - Income Qualified Weatherization Pathway Trends

2.2.2.4 Description of Participants

For IQW, the participant count represents the number of incentivized projects (homes).

2.2.2.5 Challenges and Opportunities

Challenges

- Mechanical ventilation and ASHRAE 62.2-2013 measures are still complicated for some trade allies, but with continued training these challenges should be overcome in PY2026.
- Duct leakage in smaller homes with smaller systems often exceeds the cap defined in the TRM, thus leading to lower realized savings in these homes. Suggest matching manufactured homes duct leakage cap of 50%.

IQW Pathway Growth Summary PY2020 – PY2025

Pathway Year	Total No. of Homes	Total Est. Gross kWh Savings	Total Est. kW Savings	kWh Goal	kWh/Home	Incentive \$/kWh
2020	56	268,773	72.50	266,750	4,800	\$0.31
2021	61	268,204	91.00	266,750	4,396	\$0.36
2022	72	267,727	120.69	266,750	3,718	\$0.51
2023	75	437,108	141.52	266,750	5,396	\$0.50
2024	339	995,313	354.45	1,071,667	2,936	\$0.64
2025	695	1,733,763	606.88	1,535,745	2,565	\$876.61

Figure 18 - Income Qualified Weatherization Pathway Growth Summary for PY2020 to PY2025

Opportunities

- Evaluate other health and safety options or measures that might have application and impact in the IQW demographic
- Continue to provide resources, updates, and BPI Building Analyst training opportunities
- Work with trade allies to broaden the scope of measures installed at any particular home
- Continue to increase the number of participating trade allies to serve more customers throughout the territory

2.2.2.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's IQW incentive budget for PY2026 will be \$542,219, with a gross energy savings goal of 1,524,545 kWh.
- The IQW will remain a pathway within SWEPCO's HSP.

2.2.3 Residential Energy Improvement Pathway

2.2.3.1 Pathway Description

The REIP is available for residential customers, either owners or renters. Incentives are paid to customers and trade allies for the installation of targeted energy efficiency measures that save energy and reduce peak demand in existing single-family residences and multifamily housing units. Measures eligible for incentive payments include, but are not limited to, CoolSaver HVAC tune-ups, ENERGY STAR smart thermostats, heat pump water heaters, heat pumps, and building envelope measures, such as duct sealing and air infiltration.

2.2.3.2 Pathway Highlights

- In PY2025, the REIP achieved 7,788,226 kWh net energy savings, or 139% of the 5,602,155 kWh planned net energy savings goal,²⁰ and 719.92 kW demand savings,²¹ or 65% of the 1,151.66 kW planned net demand savings goal.
- Continued a CoolSaver HVAC tune-up pre-clean process, allowing trade allies to partially complete the tune-up outside of the cooling season and to finalize the remainder of the tune-up when required weather conditions were met
- Added in-house CoolSaver trained technicians to strengthen the single-family home sector
- Continued implementation of the REIP multifamily component, which requires implementation staff to initiate property outreach, introduce the pathway, and conduct property evaluations prior to trade ally installation. Staff performed duct sealing and air infiltration testing to confirm project eligibility, with QA/QC inspections conducted post-installation to ensure work quality and customer satisfaction.
- Expanded outreach for multifamily electric resistance PTAC to mini-split heat pump replacements by partnering with larger, older properties, most of which have high percentages of low-income residents. SWEPCO collaborated with participating HVAC dealers to leverage bulk equipment purchases for competitive pricing, resulting in the replacement of 257 PTAC units and achieving 2,116,844 kWh of energy savings.²²
- Recycled 257 multifamily PTAC units, contributing 1,326,618 kWh of net EPP savings for PY2025.²³ This integrated approach, combining equipment recycling with replacement using high-efficiency heat pump technologies, including mini-splits and unitary systems, continues to support savings delivery across both HSP and BSP pathways.
- Achieved 481 heat pump replacements through REIP in PY2025, including 35 single-family projects, 189 new construction projects (not claimed in the NCP),

²⁰ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-8, p. 29

²¹ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-5, p. 24

²² Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 5-57, p. 149

²³ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 5-1, p. 121

and 257 early retirement projects with an electric resistance baseline through the multifamily PTAC to mini-split outreach. These projects delivered 2,309,495 kWh of net energy savings.²⁴

- Inspected 199 dwellings, both single and multifamily, or 5.2% of the completed projects, to maintain high-quality installation standards

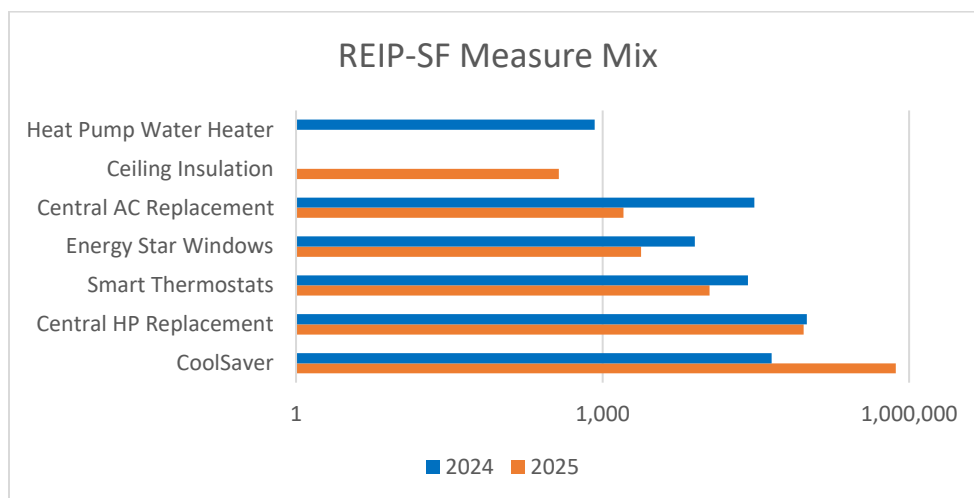


Figure 19 – PY2024-PY2025 Net Energy Savings Achieved by Measure, Single Family

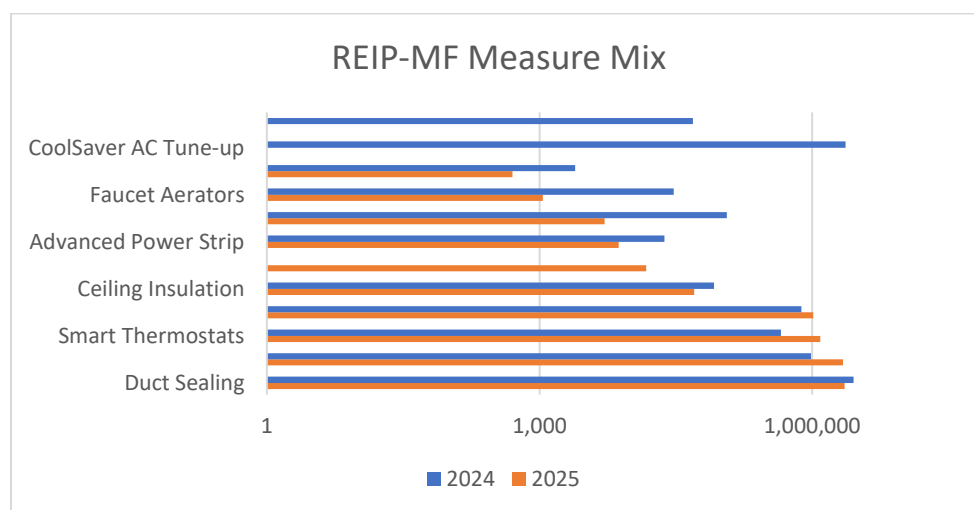


Figure 20 – PY2024-PY2025 Net Energy Savings Achieved by Measure, Multifamily

²⁴ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 5-52, p. 148; Table 5-58, p. 149

2.2.3.3 Pathway Budget, Savings, and Number of Measures

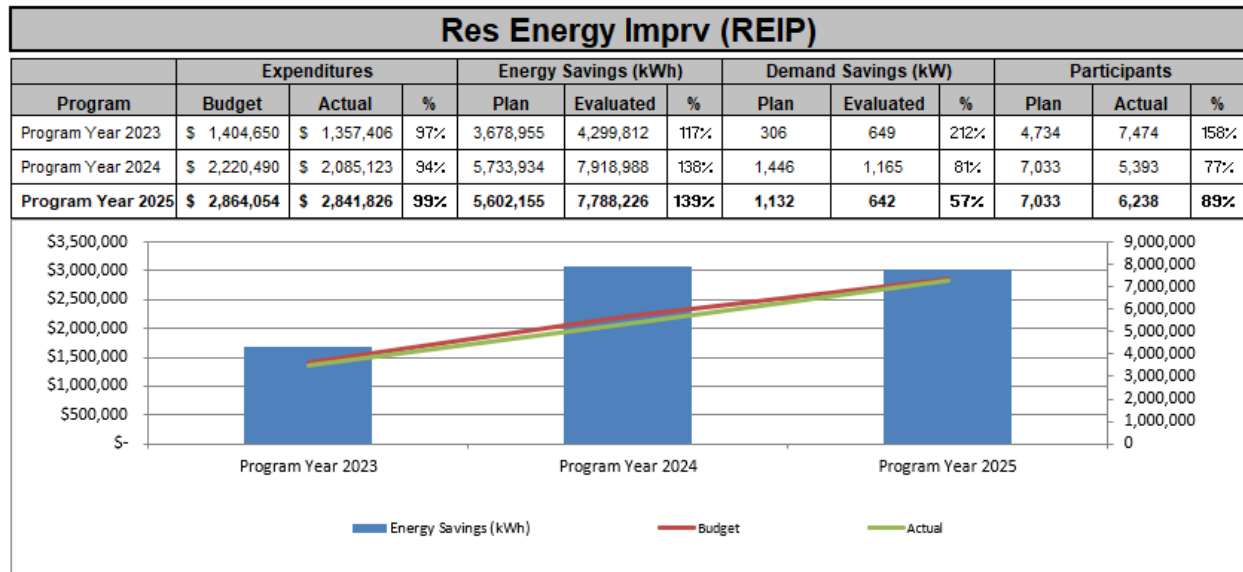


Figure 21 – Residential Energy Improvement Pathway Trends

2.2.3.4 Description of Participants

For REIP, the participant count represents the number of incentivized measures.

2.2.3.5 Challenges and Opportunities

Challenges

- While single-family customer awareness of the pathway has continued to improve each year, it continues to be an obstacle. Despite widespread marketing efforts by SWEPCO and the implementation staff, some customers still state they are unaware of the program.
- Despite an increased incentive and strong outreach to trade allies and retailers, the heat pump water heater measure continues to experience low participation.

Opportunities

- The multifamily market continues to provide SWEPCO opportunities to impact underserved, low-income customers.
- Multifamily properties that had previously participated in REIP will continue to be leveraged to adopt additional measures such as CoolSaver HVAC tune-up, smart thermostats, and HVAC replacement. Property managers' familiarity with REIP makes them more willing to participate than a new property.
- Continue outreach and recruitment efforts to plumbing contractors for the heat pump water heater measure.
- Continue to drive CoolSaver HVAC tune-up growth through increased training of new and current contractors
- Continue single and multifamily outreach targeting all electric (non-gas) areas in service territory, focusing on electric resistance heat to heat pump changeouts to capture maximum savings
- With SWEPCO's ongoing efforts to encourage cross-promotion, several trade allies have continued to branch out, promoting additional measures beyond their core business model, such as bundling smart thermostats with the CoolSaver HVAC tune-up.

2.2.3.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's REIP incentive budget for PY2026 will be \$1,247,996, with a gross energy savings goal of 7,220,484 kWh.
- The REIP will remain a pathway within SWEPCO's HSP.
- Design enhancements planned for PY2026 include increased promotion of heat pump water heaters, additional focus on electric resistance to heat pump upgrades, and further development of participating trade allies.

2.2.4 Efficient Products Pathway

2.2.4.1 Pathway Description

The EPP is designed to reduce the initial costs associated with the purchase of ENERGY STAR certified products which include clothes washers and dryers, heat pump dryers, air purifiers, dishwashers, refrigerators and freezers, heat pump water heaters, smart thermostats, pool pumps, dehumidifiers, and certified Level 2 Electric Vehicle chargers to increase their penetration in the market.

All EPP product incentives may be applied for via an online web portal or paper forms. Product and customer qualifications are verified before the incentive payment.

SWEPCO markets the pathway through an integrated marketing campaign, in-store point-of-purchase signage with partner retailers, and various outreach events.

2.2.4.2 Pathway Highlights

- In PY2025, the EPP achieved 3,792,328 kWh net energy savings or 293% of the planned net energy savings goal of 1,294,116 kWh²⁵ and achieved 290.13 kW net demand savings or 251% of the planned net kW demand savings goal²⁶.
- Continued lighting promotion with local food banks and pantries, resulting in the distribution of 126,000 LEDs and a net energy savings of 2,558,156 kWh²⁷
- Continued market neutrality regarding manufacturer and retailer partners, supporting all retailers and manufacturers equally
- Added ENERGY STAR heat pump dryers, electric dryers, dishwashers and induction cooktops to the measure mix

²⁵ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-8, p. 29

²⁶ Appendix A, ADM Associates, Inc. PY2025 Evaluation Report, Table 2-7, p. 25

²⁷ Appendix A, ADM Associates, Inc. PY2024 Evaluation Report, Table 5-4, p. 129 and Table 5-1, p. 120

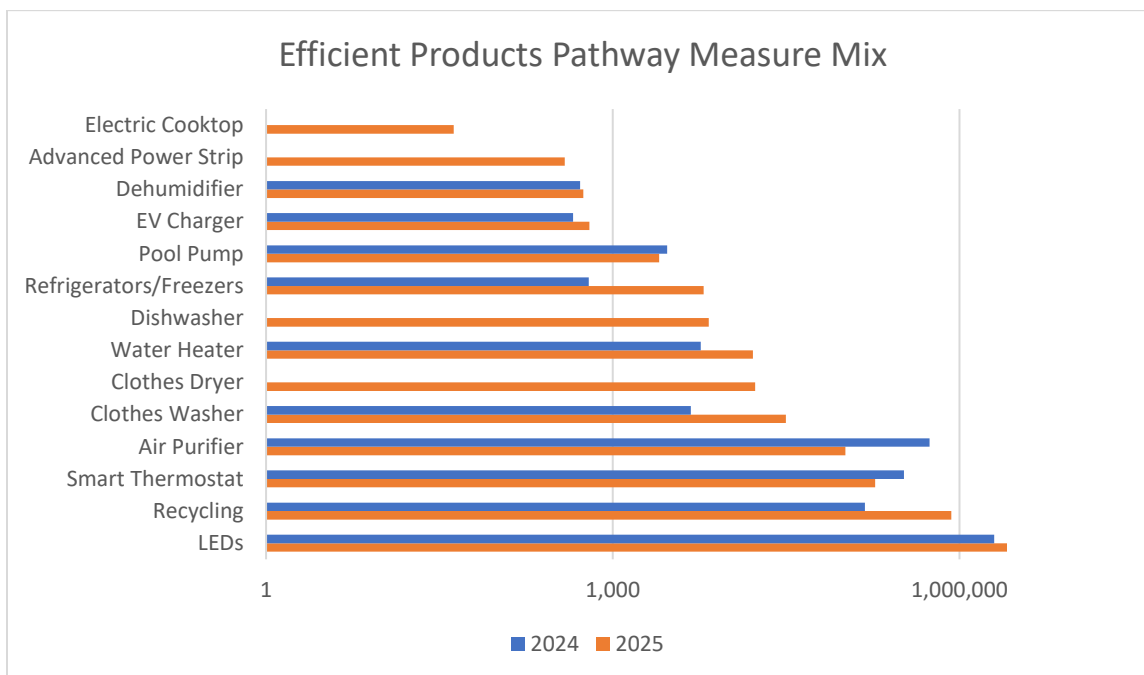


Figure 22 – PY2024-PY2025 Net Energy Savings Achieved by Measure

2.2.4.3 Pathway Budget, Savings, and Number of Measures

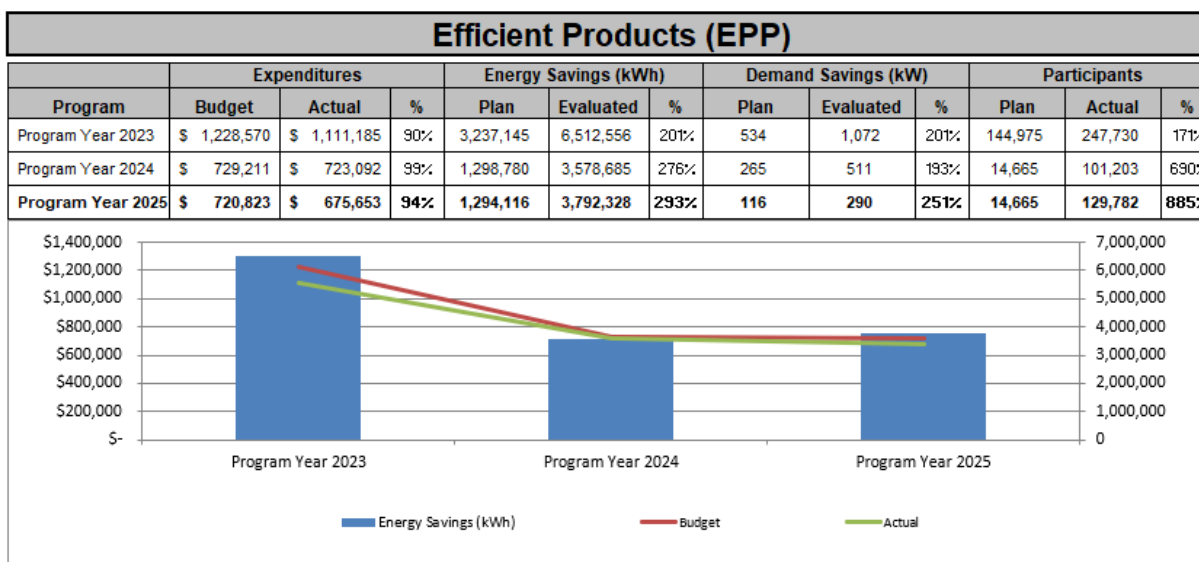


Figure 23 – Efficient Products Pathway Trends

2.2.4.4 Description of Participants

For EPP, SWEPCO defines a participant as an individual incentivized unit.

2.2.4.5 Challenges and Opportunities

Challenges

- Retailers have specific protocols in place that prohibit best-practice evaluation techniques such as in-store surveys. As a result, the determination of the appropriate free ridership, spillover, and net-to-gross adjustments was a challenge when performing pathway evaluation.
- Identifying cost effective measures to replace in-store lighting

Opportunities

- Continue to successfully utilize Food Bank offerings to reach LMI customers and increase awareness of other pathways
- Continue to increase the Refrigerator, Freezer, and PTAC recycling program

2.2.4.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's EPP incentive budget for PY2026 will be \$349,510, with a gross energy savings goal of 1,693,394 kWh.
- The EPP will remain a pathway within SWEPCO's HSP.

2.3 Demand Response Program

The Demand Response Program consists of two pathways, BYOTP and LMP. The BYOTP is available to both residential and small commercial customers. The LMP targets non-residential customers with the ability to curtail a minimum of 50 kW. Monetary incentives will be paid to customers capable of reducing electrical load within a customer facility.

Program Highlights

- Continued the BYOTP in PY2025 and achieved 99% of the participation goal of 1,338 customers.
- Winter and summer curtailment events were successfully dispatched in PY2025, marking the first year the LMP offered a winter program period.

2.3.1 Load Management Pathway

2.3.1.1 Pathway Description

This program is a non-tariff-based demand response program that targets large commercial and industrial customers with a minimum peak electric demand of 50 kW or greater. The minimum contract amount of demand reduction required is 50 kW per customer. When SWEPCO calls for a curtailment event, the participating customers are requested to implement their load reduction plan. The maximum number of hours a customer may be called upon in any program year is 49 hours, which includes a one-hour test. The Summer Program Period is defined as June 1st through September 30th, excluding weekends and holidays, during each program year. The Winter Program Period is defined as December 1st through March 30th, excluding weekends and holidays, during each program year. Events are limited to a maximum of four hours in duration and no more than three events in a program month. LMP customers are notified at least one hour before an unscheduled event via telephone, e-mail, and text.

SWEPCO installs interval data recorders (IDR) at LMP customer sites where an IDR is not already present. Prior to the program period, SWEPCO and the participating LMP customers perform a one-hour scheduled curtailment test to determine a customer's ability to comply with the 50 kW minimum required curtailment threshold.

The criterion by whereby curtailments is called is established before each Program Period. Prior to the LMP program period of PY2025, SWEPCO established the criteria to call for program curtailments when SWEPCO's peak load was anticipated to be at least 95% of the projected peak.

2.3.1.2 Pathway Highlights

- SWEPCO paid \$419,501 in monetary incentives to eight customers during PY2025, covering 19 meters in the summer program period and 13 meters in the winter program period. Participating customers reduced electrical peak demand with a minimum one-hour advance notice. Seven customers selected the four-hour curtailment option and received incentives at \$30/kW, while one customer selected the two-hour option and received incentives at \$20/kW.
- During PY2025, five unscheduled curtailment events were called. Four unscheduled events during the summer program period and one during the winter program period. Through daily monitoring of forecasted SWEPCO system peaks, the four summer program period curtailment events occurred on July 24th, July 29th, August 8th, and August 18th. The winter unscheduled curtailment event occurred on February 20th.
- LMP participants are kept informed of other SWEPCO energy efficiency programs by program staff. Six LMP participants have been identified for potential CIEEP projects in PY2026. One of the LMP participants also participates in the SEMP.
- The LMP achieved 50.5% of its net demand reduction target. The LMP accounted for 47% of SWEPCO's PY2025 portfolio net demand reduction.

2.3.1.3 Pathway Budget, Savings, and Participants

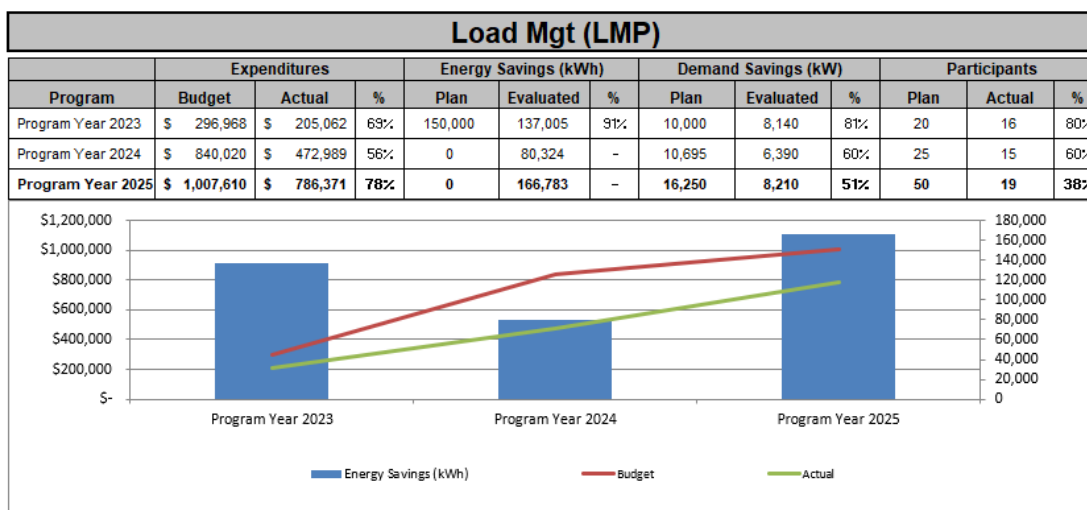


Figure 24 – Load Management Pathway Trends

2.3.1.4 Description of Participants

A participant is defined as a meter, with a minimum demand reduction requirement of 50 kW per customer.

2.3.1.5 Challenges and Opportunities

Challenges

- One participant informed the program manager that due to unforeseen mechanical issues with the switchgear on their generators, they were unable to participate during the winter program period, this mechanical issue was resolved prior to the summer program period. The participant successfully curtailed demand during the four summer program period events.
- Historically, unscheduled events are called due to extreme temperature weather events. This prevents many customers from using HVAC setbacks to meet pathway eligibility requirements.

Opportunities

- Continue to keep LMP participants informed of other SWEPCO energy efficiency programs. Each of the LMP participants completed and received incentives by participating in the CIEEP.
- In PY2026, participants will have the option to participate in a two-hour tier. This will enable HVAC setbacks to be used to meet minimum pathway requirements.
- Continue to keep cold storage customers aware of potential curtailment events as system peak forecasts are updated

2.3.1.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's LMP incentive budget for PY2026 will be \$485,000, with a gross demand savings goal of 16,650 kW.
- The LMP will remain a pathway within SWEPCO's DRP.

2.3.2 Bring-Your-Own Thermostat Pathway

2.3.2.1 Pathway Description

The primary goal of the BYOTP is to achieve demand reductions during the summer months and other critical peak times for residential and small business customers. This is achieved through voluntary direct load control events using Wi-Fi-enabled, connected smart thermostats. Customers may register eligible wireless connected smart thermostats that are program-compatible to receive signals and curtail load. Customers can opt out of the event by overriding the curtailment signal or by using a mobile app rather than having to call into a customer service call center.

2.3.2.2 Pathway Highlights

- The BYOTP achieved 3,228 kW in net demand savings or 75% of the planned net demand savings goal of 4,320 kW.

2.3.2.3 Pathway Budget, Savings, and Participants

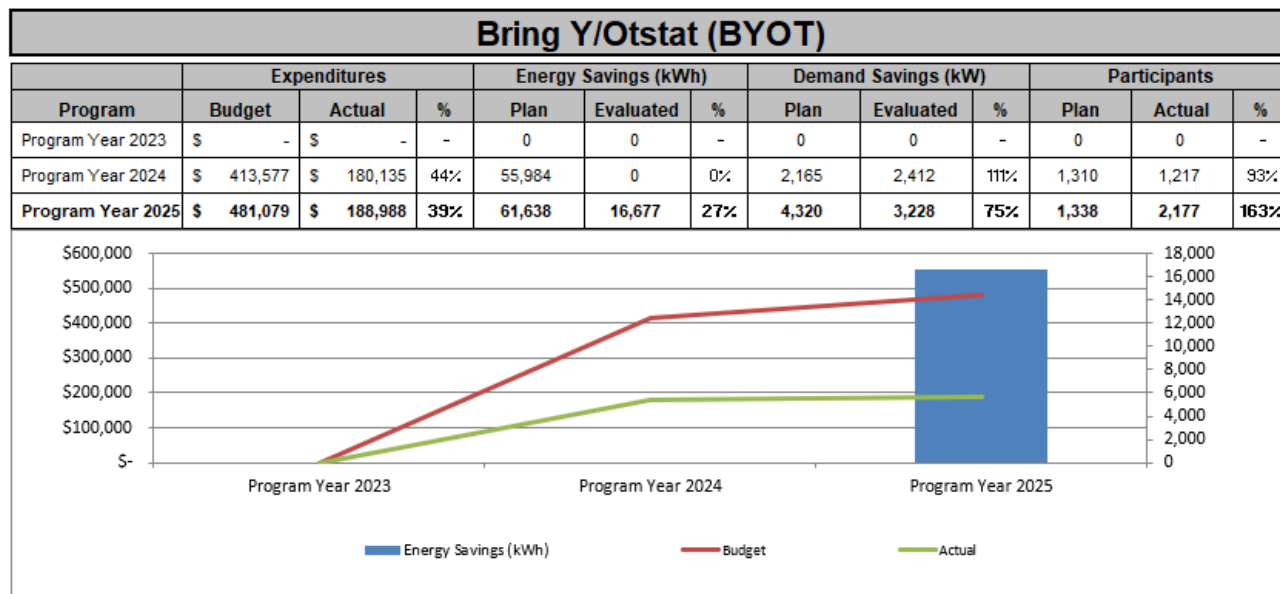


Figure 25 – Bring-Your-Own Thermostat Pathway Trends

2.3.2.4 Description of Participants

A participant is defined as a customer who has enrolled in the BYOTP.

2.3.2.5 Challenges and Opportunities

Challenges

- More customers appeared to opt out during longer events
- In PY2025, telemetry data was provided to evaluator showing AC runtime for program participants. Because the pathway's demand impacts are estimated using telemetry-based runtime data rather than customer-specific interval meter data, results are sensitive to data completeness, device connectivity, and modeling assumptions. These limitations can introduce uncertainty in savings estimates, increase EM&V effort, and constrain the ability to quantify performance consistently across participants.

Opportunities

- Improve customers' understanding of how their participation in the pathway impacts the grid
- Improve communication by providing participants with better ongoing information about the program and events
- Increase customer awareness of other energy efficiency pathways
- Consider shorter events to decrease opt-outs

2.3.2.6 Planned or Proposed Changes to Pathway and Budget

- SWEPCO's BYOTP incentive budget for PY2026 will be \$160,675, with a gross demand savings goal of 4,364 kW.
- The BYOTP will remain a pathway within SWEPCO's DRP.
- In PY2026, actual savings will be determined using 15-minute interval data.

3.0 Supplemental Requirements

3.1 Staffing

SWEPCO's internal Energy Efficiency staffing structure was updated in early PY2025 to better align program operations across the Company's Arkansas, Texas, and Louisiana service territories. As of February 2025, the Arkansas Energy Efficiency team includes three full-time Program Coordinators, and part-time support from a Regulatory Coordinator and a Payment Coordinator. These enhancements strengthen program administration, regulatory compliance, and customer support while ensuring continuity across all Arkansas pathways.

SWEPCO continues to rely on a third-party implementation contractor, CLEAResult, to assist with field operations, trade ally management, customer engagement, and technical support. The implementer staffs its team to match the portfolio's needs, maintaining dedicated residential and commercial personnel and utilizing subject matter experts as required. This approach ensures effective program delivery, allows for flexible resource allocation, and supports consistent QA/QC activities across both residential and non-residential pathways.

3.2 Stakeholder Activities

SWEPCO's Energy Efficiency team, along with its implementation and evaluation partners, remained actively engaged with the Parties Working Collaboratively (PWC) during PY2025. The PWC held five virtual and one in-person meeting discussing TRM updates, and one virtual meeting discussing target setting for upcoming program years. Meetings were open to all participants, with minutes posted to the PWC dashboard.

SWEPCO's internal and implementation staff also coordinated regularly with ADM through bi-weekly and monthly EM&V calls to support completion of the PY2025 evaluation report and address custom M&V needs.

Contractor kick-off meetings, two Community Ally meetings, and BPI trainings were conducted throughout the year in both virtual and in-person formats. Additional information on training activities is provided in the Training section of the Company's SARP Workbook.