



**Christopher Felan**  
Vice President  
Rates & Regulatory Affairs

February 26, 2019

Ms. Kari French  
Director, Oversight and Safety  
Railroad Commission of Texas  
1701 N. Congress Ave.  
P.O. Box 12967  
Austin, Texas 78711-2967

Re: GUD 10170 Compliance Filing – 2018-2019 CEE Program Report

Dear Ms. French:

Atmos Energy Corp, Mid-Tex Division (“Atmos” or “the Company”) hereby presents the Company’s 2018 Conservation and Energy Efficiency (“CEE”) Report to reflect a July 2019 implementation. Pursuant to Atmos’ Conservation & Energy Efficiency (Rider CEE), this report details the Company’s energy efficiency activities for this program year and is timely filed.

Sincerely,

A handwritten signature in blue ink that reads "Christopher Felan". The signature is written in a cursive style with a long horizontal stroke at the end.

Christopher Felan

# **Conservation and Energy Efficiency Report**

**2018 Program Year**

**Atmos Energy Corp. – Mid-Tex Division**

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## **I. Overview of Atmos Energy’s CEE Program**

Atmos Energy Corp, Mid-Tex Division (“Atmos Energy” or “the Company”) has offered a Conservation and Energy Efficiency Program (“CEE”) since 2008. This program, referred to as “Keeping the Warmth (KTW)”, provides assistance to qualifying low-income and senior citizen customers to reduce energy consumption and lower utility bills throughout the Mid-Tex service area.

On July 1<sup>st</sup>, 2013, the Company expanded the CEE to include equipment rebate programs for residential and commercial customers. These rebate programs promote the installation of high-efficiency gas space heating, water heating, and commercial kitchen equipment. The expanded CEE Program will promote energy efficiency among a greater number of Atmos Energy customers. This portfolio will be offered in accordance with the Railroad Commission of Texas’ (“Commission”) Final Order in GUD No. 10170.<sup>1</sup>

On July 1, 2013, the City of Dallas chose to withdraw from the Company’s CEE program for customers in the City of Dallas.

The Company utilizes Frontier Energy (“Frontier”) to administer its CEE Rebate Program. Various community action agency partners are selected by our Energy Assistance Department to distribute the low-income conservation/weatherization assistance portion of our KTW program.

## **II. Summary of the 2018 CEE Program Annual Report**

The Company currently offers the following portfolio of CEE programs.

- Residential
  - KTW - Low Income Weatherization Program
- Residential and Commercial
  - ENERGY STAR® Gas Furnace Program
  - ENERGY STAR® Gas Storage Water Heater Program
  - ENERGY STAR® Tankless Gas Water Heater Program
  - Gas Dryer with Moisture Sensor Program
- Commercial
  - Commercial Kitchen Equipment Program

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<sup>1</sup> See Atmos Energy Corporation Statement of Intent to Increase Gas Utility Rates Within the Unincorporated Areas Served by the Atmos Energy Corp. Mid-Tex Division, GUD No. 10170, Final Order.(Dec. 4, 2012)

This 2018 CEE Report covers the twelve months from January 1, 2018 to December 31, 2018. The beginning balance as of January 1, 2018 was \$128,681.48. CEE program expenditures for this period totaled \$2,207,332.75. Program funding for this period totaled \$1,675,359.96 leaving a balance of \$(403,291.31). Atmos Energy shareholders contributed one half of the program funding. The details of the program funding and expenditures are shown on Schedule A. The KTW Low-Income program funds of \$636,004 were distributed through our 12 partner organizations. A list of these agencies and funds allocated and spent is shown on Schedule B.

### **III. 2018 CEE Program Details**

#### **Keeping the Warmth – Low Income Program of CEE:**

Throughout the 2018 CEE Low-income KTW Program year, the Company partnered with local communities, weatherization organizations and community action partner agencies to gain access helping to decrease household energy use to qualifying low-income customers through the installation of conservation/weatherization and energy efficiency measures. In 2018 Atmos Energy and its partners focused on ensuring the most vulnerable energy burdened households were targeted using poverty data by county, etc. During the reporting period of January through December 2018 Atmos Energy and its partners were able to install 356 weatherization and energy efficiency measures in 284 vulnerable households. See Schedule B page 7, for amounts allocated to each partner agency/organization.

#### **Rebate Program:**

The Company began its rebate program on July 1, 2013. To support the rebate program, the Company developed and distributed marketing materials and bill inserts. These materials outlined the program incentive levels, customer eligibility requirements, eligible equipment types, and the application process. The Company also met with key organizations and companies to help promote the program. These included the TRA (Texas Restaurant Association), ACCA (Air Conditioning Contractors of America), PHCC (Plumbing, Heating, Cooling Contractors), TEMA (Texas Energy Managers Association), as well as local HVAC Companies. The rebate program utilizes a Web-based application process that minimizes paperwork and duplicative data entry. Participating customers can fill out an on-line application (or download, print and mail the application), and can check on the status of their rebate application after submittal. Frontier reviews the application, validates the customer eligibility, validates the equipment eligibility, conducts on-site inspections of a sample of rebate applications each week, and processes the incentive payments.

The Company continues to monitor other utility incentive programs to determine if rebate levels are sufficient to encourage customers to purchase higher-efficiency gas equipment. New technologies and changing market conditions may also suggest additions or changes to the Company's rebate program; including a review of the allocation of funds between Keeping the Warmth and the Rebate program.

Atmos Energy is committed to maximize the CEE Program's reach and benefits for our customers; and, we look forward to working with the Commission, our customers and other stakeholders in achieving greater efficiencies in the use of Texas' energy resources.

#### **IV. CEE Rate Calculation**

Attachment C calculates the Residential Cost Recovery Current (CRC) and Billing Adjustment (BA) for the program. The Residential CRC will be \$0.05 and the BA will be \$0.00 for a net surcharge of \$0.05.

Attachment C also calculates the Commercial Cost Recovery Current (CRC) for the program. The Commercial CRC will be \$0.02 and the BA will be \$0.00 for a net surcharge of \$0.02.

**Schedule A - CEE Program Expenditures**

Atmos Energy Corp., Mid-Tex Division  
 Conservation and Energy Efficiency Report  
 Period Ending December 31, 2018

Schedule A

Line No.	Description	Reference	Per Book Amounts
1	Beginnining Balance December 31, 2017		\$ 128,681.48
2			
3	Additions to Reserve:		
4	Rate Payer Funding - Residential		794,116.78
5	Rate Payer Funding - Commercial		43,563.20
6	Atmos Shareholder Funding - Residential		794,116.78
7	Atmos Shareholder Funding - Commercial		43,563.20
8	Total Additions to Reserve		\$ 1,675,359.96
9			
10	Subtractions from Reserve:		
11	Funding of Community Action Agencies	Schedule B	\$ 636,004.00
12	Rebates Issued - Residential		620,370.38
13	Rebates Issued - Commercial		15,249.00
14	Frontier Admin Fee - Rebate program Res		109,477.13
15	Frontier Admin Fee - Rebate program Com		2,691.00
16	Refund to customers for unused funds (program ended 6/30/2017)		408,235.62
17	Refund to company for unused funds (program ended 6/30/2017)		408,235.62
18	Misc. Admin and Marketing Costs		7,070.00
19	Total Subtractions from Reserve		2,207,332.75
20			
21	Ending Balance December 31, 2018		\$ (403,291.31)



**Schedule B – CEE Fund Allocation by Agency**

Atmos Energy Corp., Mid-Tex Division  
 Conservation and Energy Efficiency Report  
 January 1, 2018 - December 31, 2018

Schedule B

Line No.	Agency	Funds Distributed
1	Ark-Tex Council of Governments	\$ 101,061.00
2	Central Texas Opportunities	29,447.00
3	City of North Richland Hills	23,023.00
4	City of San Angelo	25,567.00
5	Emergent Community Development Corp	100,000.00
6	Economic Opportunities Advancement Corp	46,047.00
7	Hill Country Community Action Agency	20,479.00
8	Panhandle Community Services	9,603.00
9	Restoration Life Int'l Ministries	109,667.00
10	Rolling Plains Management Corporation	53,742.00
11	The Senior Source	51,134.00
12	West Texas Opportunities	20,479.00
13	Unallocated (Pending based on Agency need/performance)	45,755.00
14	Total	<u>\$ 636,004.00</u>

**Schedule C – CEE Rate Calculation**

Atmos Energy  
 Conservation and Energy Efficiency Tariff  
 March 1, 2019

Schedule C

Line No.	Class	Program Description	Customers	Bill Code	Program Costs	Customer	Shareholder
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Residential Customers		1,323,528				
2							
3							
4		Program Year July 1, 2019 through June 30, 2020					
5		Gas Furnace			339,915	169,958	169,958
6		Water Heater			170,000	85,000	85,000
7		Tankless Water Heater			425,170	212,585	212,585
8		Gas Dryer			170,000	85,000	85,000
9		Keeping the Warmth			551,004	275,502	275,502
10		Total (Sum of Ln 5 through Ln 9)			1,656,089	828,045	828,045
11		CRC (g10 divided by d1 divided by 12)				0.05	
12		Current Program Balance as of 12/31/18			383,401	113,434	269,967
13							
14		Accrual January 2019 through June 2019			(556,595)	(159,027)	(397,568)
15							
16		Projected Spending January 2019 through June 2019			173,194	86,597	86,597
17							
18		Balance End of June 2019 (Ln 12 + Ln 14 + Ln 16)			(0)	41,004	(41,004)
19		BA (g18 divided by d1 divided by 12)				-	
20		Net Residential Surcharge for CEE (Ln 11 + Ln 19)				0.05	
21							
22	Commercial Customers		103,492				
23		Program Year July 1, 2019 through June 30, 2020					
24		Kitchen Equipment			41,310	20,655	20,655
25		CRC (g24 divided by d22 divided by 12)				0.02	
26		Current Program Balance as of 12/31/18			(37,887)	(31,857)	(6,030)
27							
28		Accrual January 2019 through June 2019			(6,067)	24,269	(30,336)
29							
30		Projected Spending January 2019 through June 2019			12,650	6,325	6,325
31							
32		Balance End of June 2019 (Ln 26 + Ln 28 + Ln 30)			(31,304)	(1,264)	(30,041)
33		BA (g32 divided by d22 divided by 12)				-	
34		Net Commercial Surcharge (Ln 25 + Ln 33)				0.02	
35							
36		Total 2019 Program Costs(Ln 10 + Ln 24)			1,697,399	848,700	848,700
37							

38 These amounts reflect all cities and unincorporated portion of the \$2M program as the City of Dallas does not participate.