

Decision No. C23-0316

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23A-0164G

IN THE MATTER OF THE ATMOS ENERGY CORPORATION'S APPLICATION FOR APPROVAL OF ITS 2022 DEMAND-SIDE MANAGEMENT BONUS AND ANNUAL GAS DEMAND-SIDE MANAGEMENT COST ADJUSTMENT EFFECTIVE JULY 1, 2023.

**COMMISSION DECISION GRANTING APPLICATION
FOR APPROVAL OF THE 2022 GAS DEMAND-SIDE
MANAGEMENT BONUS AND ANNUAL GAS
DEMAND-SIDE MANAGEMENT COST ADJUSTMENT**

Mailed Date: June 7, 2023
Adopted Date: May 10, 2023

I. BY THE COMMISSION

A. Statement

1. On April 3, 2023, pursuant to Colorado Public Utilities Commission (Commission) Rules 4002(a)(XIV), 4752, 4754(f), and 4760, Atmos Energy Corporation (Atmos or the Company) filed an application seeking Commission approval for its 2022 Gas Demand-Side Management Bonus (Gas DSM Bonus), Acknowledgement of Lost Revenues (ALR), and annual Gas Demand-Side Management Cost Adjustment (G-DSMCA).

2. In Proceeding No. 19A-0224G, by Recommended Decision No. R19-0754 issued September 16, 2019, the Commission approved the Company's 2020 through 2022 DSM Plan. In 2022, the Company exceeded the Commission-approved gas DSM savings goal by 40 percent (achieving 416,621 therms in gas savings) by expending \$1,040,585 which is slightly above the approved 2022 gas DSM budget. Overall, the Company's 2022 DSM Plan year was

cost-effective, leading to a modified Total Resource Cost test value of 1.30 and resulting in net economic benefits totaling \$420,022.¹

II. DISCUSSION

3. The Company's 2022 DSM budget of \$1,001,725 was approved in Proceeding No. 19A-0224G. Pursuant to Rule 4753(h)(I), "the utility's annual expenditure target for DSM programs shall be, at a minimum, two percent of a natural gas utility's base rate revenues, (exclusive of commodity costs), from its sales customers in the 12-month calendar period prior to setting the targets, or one-half of one percent of total revenues from its sales customers in the 12-month calendar period prior to setting the targets, whichever is greater[.]"

4. Pursuant to Rule 4754(g)(II), "[a]s a threshold matter, the utility must expend at least the minimum amount set forth in subparagraph 4753(h)(I), in order to earn a bonus." Atmos' 2022 DSM achievements came "at a cost of \$1,040,525" which is greater than the approved 2022 DSM budget.² Expenditures above a gas utility's approved budget are permitted pursuant to Rule 4753(k), which states that "[a] utility may spend more than the annual expenditure target established by the Commission up to 25 percent over the target, without being required to submit a proposed DSM plan amendment."

¹ The Company's 2022 DSM achievements are detailed in its 2022 Annual Report, filed as Attachment 1 to the application in the instant proceeding.

² Proceeding No. 23A-0164G, Atmos Energy Corporation's Verified Application, at ¶ 4.

5. The calculation methodology of the Gas DSM Bonus is governed by Rules 4754(g)(III)-(IV). For 2022, the Company has calculated a Gas DSM Bonus in the amount of \$53,250.39. Pursuant to Rule 4754(i), “[t]he maximum bonus is 20 percent of net economic benefits or 25 percent of expenditures, whichever is less.” In this case, the requested Gas DSM Bonus is below the maximum allowed amount. Additionally, the calculation methodology of an Acknowledgement of Lost Revenues is governed by Rule 4754(g)(I). For 2022, the Company has calculated an ALR totaling \$69,363.28 across its rate areas. Overall, Atmos seeks Commission approval of a total award of \$122,614 for 2022.

6. Since the Company has met the minimum threshold requirement of Rule 4753(h)(I) and has exceeded its Commission-approved DSM goals for 2022, Atmos is eligible to receive its requested bonus.

7. The Commission’s Staff has reviewed the accuracy of the bonus calculations and their adherence to the Commission’s gas DSM rules.

8. The Company also requests to adjust its G-DSMCA, pursuant to Rule 4752(d). The proposed G-DSMCA “seek[s] to recover: (a) the 2022 budget for the Company’s gas DSM programs as set forth in Atmos Energy’s Commission-approved 2020-2022 DSM Plan; (b) any under- or over-recovered DSMCA costs, as applicable for each rate area; (c) the calculated lost revenue amount; and (d) the requested DSM Bonus of \$53,250.39.”³

9. Based on the Company’s 2022 DSM achievements, the proposed G-DSMCA would increase residential monthly bills by an average of \$0.12 (0.15 percent) and decrease nonresidential monthly bills by an average of \$0.20 (0.05 percent). These amounts are formulaic

³ Proceeding No. 23A-0164G, Atmos Energy Corporation’s Verified Application, at ¶ 9.

in nature, pursuant to Rule 4758(b)(I). This G-DSMCA is to be effective July 1, 2023, for a period of 12 months, pursuant to Rules 4752(d) and 4757.

III. ORDER

A. The Commission Orders That:

1. Atmos Energy Corporation's application for approval of its 2022 gas demand-side management bonus and its revised G-DSCMA is deemed complete and granted, consistent with the above.

2. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

3. This Decision is effective upon its Mailed Date.

4. **ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 10, 2023.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners