

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20A-0144G

IN THE MATTER OF THE COMBINED APPLICATION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF ITS ANNUAL GAS DEMAND-SIDE MANAGEMENT COST ADJUSTMENT EFFECTIVE JULY 1, 2020 AND 2019 DEMAND-SIDE MANAGEMENT BONUS.

**COMMISSION DECISION APPROVING
ATMOS ENERGY'S GAS DEMAND-SIDE
MANAGEMENT COST ADJUSTMENT AND GRANTING
THE 2019 GAS DEMAND-SIDE MANAGEMENT BONUS**

Mailed Date: May 21, 2020
Adopted Date: May 20, 2020

I. BY THE COMMISSION

A. Statement

1. On April 1, 2020, Atmos Energy Corporation (Atmos or Company) filed an Application with the Colorado Public Utilities Commission (Commission) seeking Commission approval of its: (1) revised annual Gas Demand-Side Management Cost Adjustment (G-DSMCA) factors effective July 1, 2020 for a period of 12 months; and (2) its 2019 Gas Demand-Side Management Bonus (DSM Bonus) to be recovered as part of the G-DSMCA factors effective July 1, 2020 for a period of 12 months.

2. In Proceeding No. 16A-0318G, the Commission approved a DSM Plan for Atmos for the years 2017 through 2019. In 2019, Atmos achieved natural gas energy efficiency savings of 300,585 Dth (99 percent of the 2019 target) at 101 percent of the gas DSM budget (\$904,428). Spending over the approved gas DSM budget is allowed under Commission Rule 4753(k) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* 723-4,

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.” The Company’s natural gas DSM portfolio achieved a cost-effective Modified Total Resource Cost (MTRC) value of 1.49, which is greater than the targeted MTRC of 1.35. The net economic benefits achieved as a result of the Company’s 2019 natural gas DSM performance total of \$557,679.

3. Rule 4753(h)(I) states that “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[.]” 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 receive a bonus.” The Company’s 2019 Gas DSM expenditures of \$904,429 meet these criteria.

4. The Gas DSM Bonus is a percentage of the net economic benefits (\$557,679 in 2019) resulting from the DSM Plan and is calculated using the methodology outlined in Rule 4754(g)(III). Further, pursuant to Rule 4760(a), the Gas DSM Bonus is capped at 25 percent of expenditures, or 20 percent of net benefits, whichever is less. For 2019, the Gas DSM Bonus is calculated to be \$50,714.

5. The Company’s proposed DSMCA seeks to recover: (a) the 2020 budget for the Company’s gas DSM programs as set forth in the Company’s Commission-approved 2020 to 2023 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 \$50,714. If

approved, the base DSMCA factor for residential customers will decrease from \$0.28 per month to \$0.20 per month, and the base DSMCA factor for non-residential customers will increase from \$0.16 per month to \$0.74 per month. These values are formulaic in nature.

6. No parties intervened in this proceeding.
7. The Application was auto-deemed complete on May 19, 2020.
8. We find good cause to grant the Application.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Atmos Energy Corporation on April 1, 2020 for approval of its Gas Demand-Side Management Cost Adjustment, effective July 1, 2020 for a period of 12 months, and its Gas Demand-Side Management Bonus, effective July 1, 2020 for a period of 12 months, is approved.

2. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 20, 2020.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

MEGAN M. GILMAN

Commissioners