

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS	)	CASE NO.
ENERGY CORPORATION FOR A DEMAND SIDE	)	2022-00343
MANAGEMENT PROGRAM	)	

ORDER

On October 18, 2022, Atmos Energy Corporation (Atmos) filed an application proposing to renew and extend its current demand-side management (DSM) program and its DSM Cost Recovery Mechanism (DSMCR), until April 30, 2026. Atmos also proposed to return the remainder of the over-recovery balance for the commercial class through the Gas Cost Adjustment (GCA). Atmos responded to one request for information. There are no intervenors in this proceeding. This case now stands submitted for a decision based on the evidentiary record.

LEGAL STANDARD

KRS 278.285(1) authorizes the Commission to review and approve the reasonableness of DSM programs proposed by any utility under its jurisdiction. The statute lists multiple factors the Commission can consider when determining the reasonableness of the DSM programs. The listed factors in KRS 278.285(1) are:

- (a) The specific changes in customers' consumption patterns which a utility is attempting to influence;
- (b) The cost and benefit analysis and other justification for specific demand-side management programs and measures included in a utility's proposed plan;

- (c) A utility's proposal to recover in rates the full costs of demand-side management programs, any net revenues lost due to reduced sales resulting from demand-side management programs, and incentives designed to provide positive financial rewards to a utility to encourage implementation of cost effective demand-side management programs;
- (d) Whether a utility's proposed demand-side management programs are consistent with its most recent long-range integrated resource plan;
- (e) Whether the plan results in any unreasonable prejudice or disadvantage to any class of customers;
- (f) The extent to which customer representatives and the Office of the Attorney General have been involved in developing the plan, including program design, cost recovery mechanisms, and financial incentives, and if involved, the amount of support for the plan by each participant, provided however, that unanimity among the participants developing the plan shall not be required for the commission to approve the plan;
- (g) The extent to which the plan provides programs which are available, affordable, and useful to all customers; and
- (h) Next-generation residential utility meters that can provide residents with amount of current utility usage, its cost, and can be capable of being read by the utility either remotely or from the exterior of the home.

KRS 278.285(1) also states the factors listed are not exhaustive, the Commission can consider anything that will help determine if the programs are reasonable.

## BACKGROUND

The Commission approved in Case No. 2017-00424<sup>1</sup> Atmos' budget for its low-income weatherization program at \$180,000 with a funding level of up to \$3,000 per qualifying low-income household. Atmos is not proposing any budgetary changes and plans on maintaining the current approved budget beginning May 1, 2023. Atmos recently submitted DSM rates in its recent tariff filing which approved a residential rate of \$0.0057/Mcf and a commercial rate of \$0.0000/Mcf. Atmos is requesting to keep the current commercial DSM balancing adjustment rate of \$0.0000/Mcf in effect until May 1, 2023.<sup>2</sup>

In Case No. 2021-00401,<sup>3</sup> Atmos explained that it had inadvertently failed to seek renewal of the DSM program and, as a result, the DSM program expired on April 30, 2021. Atmos did not discover this until mid-October 2021 and Atmos ceased DSM charges and credits on October 15, 2021. However, during this unauthorized period between May 1, 2021, and October 15, 2021, Atmos collected approximately \$5,900 from residential customers and credited approximately \$4,000 to commercial customers.<sup>4</sup>

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<sup>1</sup> Case 2017-00424, *Electronic Application of Atmos Energy Corporation to Extend Its Demand-Side Management Program as Amended and Cost Recovery Mechanism as Amended for Three (3) Years* (Ky. PSC Apr. 27, 2018).

<sup>2</sup> Atmos's Response to Commission Staff's First Request of Information (Staff's First Requests) (filed Feb. 3, 2021), Item 1.

<sup>3</sup> Case 2021-00401, *Electronic Application of Atmos Energy Corporation for a Demand-Side Management Program* (Ky. PSC Apr. 14, 2022).

<sup>4</sup> Case No. 2017-00424, *Electronic Application of Atmos Energy Corporation to Extend Its Demand-Side Management Program as Amended and Cost Recovery Mechanism as Amended for Three (3) Years* (Ky. PSC Oct. 28, 2018).

Atmos also spent approximately \$37,000 on qualifying DSM projects between May 1, 2021, and September 30, 2021.<sup>5</sup>

The Commission approved in Case 2021-00401<sup>6</sup> the extension of the low-income weatherization DSM program through April 30, 2023, and ordered a residential DSM recovery rate of \$0.0096/Mcf and the over-recoveries for the commercial customer be returned at a rate of (\$0.0059)/Mcf. Additionally, the Commission ordered Atmos in its next DSM filing for rates effective May 1, 2023, to calculate the over-recovery or under-recovery balance for the commercial customers and to propose how to return the amount through either the Gas Cost Adjustment (GCA) or by deferring the over-recovery or under-recovery as a regulatory liability or regulatory asset.<sup>7</sup>

#### DISCUSSION

The Commission recognizes that low-income weatherization programs provide valuable assistance to income-eligible customers by reducing their heating bills. This is especially important during periods when the price of gas is high. Additionally, the Commission finds that Atmos request to return the commercial over-recovery amount of (\$9,817.39) through the GCA that will be effective May 1, 2023, should be approved.<sup>8</sup>

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<sup>5</sup> Case No. 2017-00424, *Electronic Application of Atmos Energy Corporation to Extend Its Demand-Side Management Program as Amended and Cost Recovery Mechanism as Amended for Three (3) Years* (Ky. PSC Oct. 28, 2018).

<sup>6</sup> Case 2021-00401, *Electronic Application of Atmos Energy Corporation for a Demand-Side Management Program* (Ky. PSC Apr. 14, 2022).

<sup>7</sup> Case 2021-00401, *Electronic Application of Atmos Energy Corporation for a Demand-Side Management Program* (Ky. PSC Apr. 14, 2022) at 6.

<sup>8</sup> Atmos's Responses to Staff's First Request, Item 1.

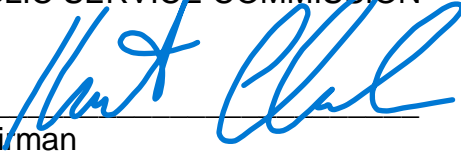
IT IS THEREFORE ORDERED that:

1. Atmos Low-Income Weatherization Program is approved through April 30, 2026.
2. Any future DSM applications filed by Atmos shall include the information as described in the findings above.
3. Atmos is approved to return the commercial over-recoveries balance through the GCA.
4. Atmos shall be allowed to recover any lost revenues and authorized incentives associated with any Commission-approved DSM program consistent with KRS 278.285. Recovery of lost revenues shall be limited to no more than three years, but will be reset to zero based upon the Commission's approval of rates in Atmos's recent base-rate case,<sup>9</sup> and shall not exceed claimed savings over the life of the specific DSM measure.
5. This case is closed and removed from the Commission's docket.

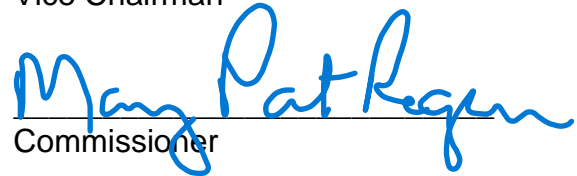
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<sup>9</sup> Case No. 2021-00214, *Electronic Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC July 20, 2021).

PUBLIC SERVICE COMMISSION

  
Chairman

Vice Chairman

  
Commissioner

ENTERED  
FEB 23 2023  
rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

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