

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Atmos Energy Corporation's Tariff	)	
Revision Designed to Consolidate Rates and	)	<u>Case No. GR-2006-0387</u>
Implement a General Rate Increase for Natural Gas	)	
Service in the Missouri Service Area of the Company.	)	

**BIANNUAL REPORT OF ATMOS ENERGY CORPORATION  
REGARDING  
ENERGY CONSERVATION AND EFFICIENCY PROGRAM**

Atmos Energy Corporation ("Atmos" or "Company"), in accordance with its tariff and working collaboratively with the Commission Staff, the Office of the Public Counsel and the Energy Center of the Missouri Department of Natural Resources, respectfully submits its first Biannual Report regarding Atmos' Energy Conservation and Efficiency Program ("Program").

**A. BACKGROUND**

Pursuant to the Commission's *Report and Order* ("Order") issued in this matter on February 22, and effective March 4, 2007, and as the work product of the collaborative process described therein, Atmos filed original and revised tariff sheets setting forth the Program Description, General Terms and Conditions, and the specific components of the Conservation Efforts constituting Atmos' Energy Conservation and Efficiency Program. Those tariff sheets reflected a Date of Issue of June 28, 2007, a Date Effective of August 31, 2007, and they were approved by the Commission's *Order Approving Tariff Sheets In Compliance With Report and Order* effective August 31, 2007. Along with the tariff sheets, Atmos submitted a filing memorandum describing the program. As specifically set forth therein, and in accordance with the Commission's Order, the tariffs provide that the Company will contribute annually one percent (1%) of

its annual gross non-gas revenues (approximately \$165,000 the first program year) to be used for the energy conservation and efficiency program, and program funds for the first year would be apportioned to the various Conservation Efforts as follows: Customer Education on Energy Efficiency (\$5,000), Residential Low Income Weatherization Assistance (\$100,000), and High Efficiency Furnace and Boiler Rebates (\$60,000).

The specific purposes, descriptions and terms and conditions of the above components can be found in the tariff sheets as follows:

Customer Education: Tariff Sheet No. 116;

Residential Low Income Weatherization Assistance Program: Promotional Practices Tariff Sheet 112.1; and

High Efficiency Space Heating Rebates: Pilot Programs Tariff Sheets 117-118.

As referenced in the General Terms and Conditions at Tariff Sheet 115, and pursuant to amended quarterly time frames as agreed to by collaborative members, Atmos has submitted to collaborative members reports on a quarterly basis which detail the cost and participation of the program (the first Quarterly Report was submitted on February 14, 2008). Given the extended time frame required for instituting the program specifics, the collaborative members agreed that the first Biannual Report would be filed with the Commission concurrent with the May 15, 2008 Quarterly Report submitted to the collaborative, with the second Biannual Report to be filed after the close of the program year (to provide summary information for the first year, with a July-August 2008 anticipated filing date).

## **B. REPORT**

### **1. Overview**

Being the inaugural year for the Program's creation and implementation (including a compressed program-year due to the late start), the collaborative members recognized that the initial expenditures for the three program components were delayed and have not approached the levels anticipated (approximately \$15,000 of the \$165,000 has been spent to date). Accordingly, there will be a large amount of funds available to roll-over into the second year of the program. However, activities are ramping up, with the contract/administrative issues now having been resolved. A copy of the initial customer bill insert that was used in announcing the three program components is attached as **Exhibit A**. As reflected therein, customers are encouraged to visit the Company's website at [www.atmosenergy.com/Missouri\\_ECE](http://www.atmosenergy.com/Missouri_ECE) for full details (web pages attached as **Exhibit B**).

### **2. Customer Education**

The primary focus in the first year of the program, as noted in the Company's tariff, is to develop and present educational materials to K through 12<sup>th</sup> grade students (with primary focus on fourth/fifth grade students at this time) throughout the Company's three geographic service areas in Missouri. "The intent shall be to educate the students concerning the importance of energy conservation, and to introduce ways to reduce their family's energy consumption through various low or no-cost efficiency measures." (Tariff Sheet No. 116).

Included among the various educational activities to date:

- the Company developed a 7-minute video on energy conservation in the home;

- a poster with a picture of the home with various conservation tips in the video was designed and printed (a color poster is given to each teacher and a smaller black and white copy is given to each student to take home);
- talking points that address the various conservation tips in the video were developed so that the instructor can conduct a review after the video is shown (the talking points will be printed and provided to each student to take home);
- the Company purchased an activities book entitled "Let's Save Energy" from the Channing Bete Company that covers conservation (Company can provide each student the activities book, or if the teacher wishes, they will be provided to the teachers to distribute and use at a later time);
- a scratch and sniff card for each classroom was designed to teach children/customers what natural gas smells like, including a short safety message; and
- a brochure titled "Are You Managing Your Home Energy?", provided in both English and Spanish, was printed. Each student will receive one of these to take home. It is intended that this will provide additional outreach to parents for whom English is a second language.

**Exhibit C** contains copies of some of the above-described materials.

Visits with school superintendents are on-going, and packages of the above-described materials have been left with the Sikeston, Jackson and Hannibal schools to date. While some presentations may be scheduled in May (the program recently was presented to three fourth-grade classes in Hannibal), meetings with elementary school superintendents will continue across the Company's service territory through the summer, in preparation for the fall term. In response to suggestions from collaborative

members, the company will examine the issue of also providing additional materials in Spanish, to facilitate understanding/outreach efforts in certain geographic areas. To date, approximately \$2,000 has been spent, of the \$5,000 allocated for the first year.

### **3. High Efficiency Space Heating Rebates**

Atmos has established a very good working relationship with Energy Federation Incorporated ("EFI"), the firm chosen to administer the rebate program. Since the program officially began on August 31, 2007, there have been 31 rebates given, consisting of 30 furnace and 1 boiler. Of those 31 rebates, 30 have involved residential customers and one has involved a small commercial customer. For the first quarter, the average equipment removed had an Annual Fuel Utilization Efficiency ("AFUE") of 64%, while the average AFUE of the new equipment was 93%. For the second quarter, those percentages were 67.8% and 92.5%, respectively. Perhaps reflective of current economic conditions, approximately \$8,000 of the \$60,000 allocated has been spent to date. While personal contacts with several of the larger HVAC dealers in the Company's territories were made at the start of the program, the collaborative members have discussed strengthening outreach efforts through additional local HVAC dealers, coordinated advertising opportunities, etc., and the Company will be pursuing those suggestions.

### **4. Residential Low Income Weatherization Assistance**

Understanding that DNR/EIERA (Environmental Improvement and Energy Resources Authority) processes were not finalized until mid-February (the point at which DNR completed the cooperative agreements with all of its participating agencies to enable a uniform start and end date for all utility-based weatherization activities which

DNR manages), EIERA has received three payment authorizations from DNR to date,

broken down as follows: \$1,200 to NECAC (Northeast Community Action Corporation);

\$2,799 and \$1,014 to DAEOC (Delta Area Economic Opportunity Corporation). These

amounts represent five homes weatherized to date. The \$100,000 allocated funds had

earned \$1,212.54 in interest, and administrative expenses (accounting fees) of \$131.25

were paid (as of EIERA's financial statements dated 2/28/08). With the administrative

issues now addressed, it is anticipated that expenditures will quickly ramp up during the

coming months.

## **5. The Next Program Year**

Whereas the funding level for the first program year was based on a test-year updated through June 30, 2006, funding levels for future years (program funds) will be based on 1% of Atmos' Missouri annual gross non-gas revenues on a June 30 calendar-year basis, and for June 30, 2007, that amount equates to \$173,000, or an \$8,000 increase over the initial funding level of \$165,000.

As reflected in the tariff, the various Conservation Efforts, and the amount of funds designated for each Conservation Effort, are subject to change after the annual evaluation of the program and upon consensus of the collaborative group. Such annual evaluation shall take place on or before May 1 of each calendar year, with funding levels and the allocation/designation of such funds to be implemented by July 1 of each succeeding calendar year. Representatives of the collaborative group met on April 24 and May 1, 2008 for the annual evaluation and, given the limited time-frame for first year expenditures, the group agreed that the current allocation percentages among the three

programs would be continued for the next program year, with the \$8,000 additional funding to be allocated to the customer education component.

Respectfully submitted,

**/s/ Larry W. Dority**

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### **CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, First Class mail, postage prepaid, this 15<sup>th</sup> day of May, 2008, to all counsel of record in this matter.

**/s/ Larry W. Dority**

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Larry W. Dority