

**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) Case No. GR-2006-0387
Implement a General Rate Increase for Natural Gas)
Service in the Missouri Service Area of the Company.)

FILING MEMORANDUM
Regarding
Energy Conservation and Efficiency Program

Atmos Energy Corporation ("Atmos") respectfully submits this Filing Memorandum in conjunction with its concurrent filing of tariff sheets regarding Atmos' Energy Conservation and Efficiency Program.

A. Collaborative Process

In describing the collaborative process for designing the energy efficiency and conservation program set forth in its Report and Order ("Order") issued in this matter on February 22, and effective March 4, 2007, the Commission stated:

The Commission finds that an energy and conservation program must be approved by the Commission and must be the result of a collaborative process involving the Staff, Public Counsel, Atmos, the other parties to this case (that wish to participate), the Energy Center of the Missouri Department of Natural Resources, and other parties that the Commission shall designate. . . .

Therefore, the Commission directs that if Atmos files tariff pages in compliance with this order designed to implement a fixed delivery charge, it shall also set up a new program by meeting with the other parties set out above, and any other social service agency or party that the Commission designates to participate, and design a program to be approved by the Commission and implemented no later than August 31, 2007. The Commission will direct that Atmos file a report regarding the status of any collaborative effort every thirty days. In addition, Atmos must present a program for Commission consideration no later than June 30, 2007. Finally, if the fixed delivery charge rate design is implemented, Atmos shall file on an annual basis a report with the Commission for the purpose of evaluating the effect of a fixed delivery charge rate design on energy efficiency and conservation. (Report and Order, pp. 22-23).

As set forth in the Commission's Order Denying Application for Rehearing and Clarifying Report and Order and its Order Denying Motion to Reject Tariff and Order Approving Tariff, issued March 27, 2007, the Commission approved Atmos' tariffs that include a fixed delivery charge rate design effective April 1, 2007. Approved Tariff Sheets 22 through 25 specifically reference and discuss the Energy Efficiency and Conservation Program.

In accordance with the Commission's Order¹, Atmos filed monthly status reports concerning the collaborative process on March 29, May 1, and June 1, 2007, outlining the various meetings/conference calls and subjects addressed by the participating Collaborative Members, consisting of Atmos, the Commission Staff, the Office of the Public Counsel and the Missouri Department of Natural Resources – Energy Center.

B. Program Specifics

As noted above and pursuant to the collaborative process, concurrent with this filing Atmos has 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. These tariff sheets reflect a Date of Issue of June 28, 2007, and a Date Effective of August 31, 2007. As specifically set forth therein, and in accordance with the Commission's Order, the Company shall contribute annually one percent (1%) of its annual gross non-gas revenues (currently approximately \$165,000) to be used for the energy conservation and efficiency program, and program funds for the first year will be

¹ Ordered Paragraph 8 of the *Order* provides: "If Atmos Energy Corporation files tariffs that include a fixed delivery charge rate design, beginning on April 1, 2007, Atmos shall report to the Commission no later than the first day of every month as to the status of the collaborative process set out herein." (Report and Order, p. 48).

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.

C. Reporting

As referenced in the General Terms and Conditions at Tariff Sheet 115, Atmos will submit to Collaborative Members reports on a quarterly basis (due within 45 days from the end of the quarter) which will detail the cost and participation of the program. Based on discussions of the Collaborative Members to date, Atmos will report the following information for the respective program components as follows:

Customer Education:

- a. Summary information regarding the cost, type and number of educational programs implemented;
- b. For educational programs delivered to specific groups or at specific events, report the number of events delivered in each calendar quarter, cumulatively for the fiscal year or program year, and cumulatively over the life of the program. Report the information by county and customer type (e.g., residential or small commercial); and

- c. Program funds provided by the Company, funds expended each calendar quarter, cumulatively for the fiscal year or program year, and the end-of-quarter remaining balance.

Residential Low Income Weatherization Assistance Program:

Atmos, in collaboration with DNR-Energy Center, will collect and report the following information for each calendar quarter and cumulatively for the fiscal year or program year, and cumulatively over the life of the program:

- a. Program funds provided by Company;
- b. Amount of program funds, if any, rolled over from previous year;
- c. Amount of administrative funds retained by Community Action Agency;
- d. Number of weatherization jobs completed and total cost, excluding administrative funds, of jobs completed; and
- e. Number of weatherization jobs "in progress" at the end of the program year.

As reflected in Paragraph D of the terms and conditions for the Residential Low Income Weatherization Assistance Program, "At the end of the second program year, the Company will perform an evaluation of [the program] to evaluate the success of the program in accordance with parameters developed by the Collaborative Members." Based on discussions of the Collaborative Members to date, it is anticipated that such evaluation will address the success of the program in terms of participation, increased affordability, reduced arrears, reduced late-payments disconnects/reconnects and reduced uncollectibles. Information on customer usage and payments will be included in the evaluation.

High Efficiency Space Heating Rebates:

Atmos will collect and report the following information each calendar quarter and cumulatively for the fiscal year or program year, and cumulatively over the life of the program:

- a. The number and cost of rebates implemented, reported by county and customer type (e.g., residential or small commercial);
- b. The end-of-quarter remaining balance;
- c. Amount of program funds, if any, rolled over from previous year;
- d. Approximate age of home. (This data could be aggregated and reported in groups/bins per agreed upon parameters.)
- e. Approximate age of equipment being replaced. (This data could also be reported in groups/bins).
- f. Owner-occupied or rental unit.
- g. Vendor/Contractor name.
- h. Rating or other information about any installed measures (e.g., AFUE rating).

At the end of the second program year, the Company will perform an evaluation of the High Efficiency Space Heating Rebates to evaluate the success of the program, as fully set forth and in conformance with the evaluation process described in the Residential Low Income Weatherization Assistance Program section above.

D. 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. 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.