



2017 – 2018

ENERGY EFFICIENCY PROGRAM

ANNUAL REPORT

July 1, 2019

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**RATON NATURAL GAS COMPANY
2017-2018 ENERGY EFFICIENCY PROGRAM ANNUAL REPORT**

Raton Natural Gas (“RNG”) hereby submits this 2017-2018 Annual Report on its Energy Efficiency (“EE”) Programs in compliance with the requirements of the New Mexico Public Regulation Commission’s (“NMPRC” or “Commission”) EE Rule, codified as 17.7.2 NMAC. Section 17.7.2.14 of that Rule requires each public utility to file an annual report in which it describes the utility’s actions to comply with the Efficient Use of Energy Act, NMSA 1978 Section 62-17-1, *et seq.* (“EUEA”).

BACKGROUND AND INTRODUCTION

RNG has approximately 2,990 customers located in the City of Raton. The service area is comprised of approximately eight (8) square miles.

RNG’s 2017-2018 Annual Report covers costs incurred, customer participation, and Rate Rider revenue collected for the continued implementation of RNG’s approved energy efficiency programs in effect from the period May 1, 2017, through April 30, 2018.

The current 2016-2017 Energy Efficiency Program (“2016/2017 EE Program”) was filed for approval in Case No. 16-00270-UT on October 11, 2016. The Program Plan was approved by NMPRC on March 29, 2017. The 2016/2017 Program became available to customers on May 1, 2017.

The Commission issued its Final Order Adopting the Recommended Decision in Case 16-00270-UT on March 29, 2017. In that Final Order, the Commission did the following:

- a. Incorporated by reference the Recommended Decision in Case 16-00270-UT;
- b. Approved RNG’s Application of its 2016/2017 Energy Efficiency Program;
- c. Approved all the modifications stated in the Recommended Decision proposed by Commission Staff and accepted by RNG;
- d. Rejected Advice Notice No. 51 and Original Rate No. 6, Energy Efficiency Rider and directed RNG to file an advice notice consistent with the modifications proposed by Staff;
- e. Required RNG to file its annual report concerning its 2016/2017 EE Program on or before January 1, 2018;
- f. Required RNG to include in its 2016-2017 Annual Report a description of its specific efforts to develop an energy efficiency portfolio of programs to be offered to its commercial class of customers and to provide a description of those possible programs in its next EUEA application;
- g. Required RNG to file all future reports required by the EUEA, the EE Rules and the Final Orders in Case NO. 07-00318, Case No. 15-00247-UT, and Case 16-00270-UT.

SECTION 1: EXECUTIVE SUMMARY

RNG’S 2017-2018 EE Program Annual Report begins with an executive summary for the performance of the two measures approved in Case No. 16-00270-UT on March 29, 2017. One program is RNG’s Education Program, which began in December 1, 2016, and has continued through this Annual Report period. The second program is RNG’s Low-Flow Showerhead Kit Program. Both programs and associated results are included in this Annual Report for the period May 1, 2018, through April 30, 2019. More specifically:

1. The Energy Efficiency community local forums and elementary education program sponsored by RNG to increase customer awareness of energy efficiency measures.
2. The Low Flow Showerhead program package is available free to RNG residential customers through on-line and in -office request applications. RNG’s kits include a low-flow showerhead, a kitchen aerator, and a bathroom aerator with instructions in English and Spanish for self-installation.

Table 1 lists RNG’s EE Programs and the corresponding unit savings, participation, total annual savings, lifetime savings, and EE Program approved costs.

Table 1: Actual 2017-2018 EE Program Participation and EE Program Approved Costs

| Program | Annual Savings Per Unit (Therms) | Total Participation | Total Annual Savings (Therms) | Lifetime Savings (Therms) | Total Actual Program Costs |
|--------------------|---|----------------------------|--------------------------------------|----------------------------------|-----------------------------------|
| Education Programs | N/A | 86 | N/A | N/A | \$4,035 |
| Low-Flow Kits | 40.4 | 111 | 4,484 | 44,840 | \$1,249 |
| Portfolio Costs | N/A | N/A | N/A | N/A | \$6,253 |
| TOTAL | | 197 | 4,484 | 44,840 | \$11,537 |

Table 2 provides the EE Program approved costs for RNG’s Energy Efficiency 2016-2017 Plan portfolio from May 1, 2018, through April 30, 2019.

Table 2: Actual 2017-2018 EE Program Approved Costs by Plan

| Program | Internal Administration | Promotional | Portfolio Costs | Total Actual Program Costs |
|----------------------|--------------------------------|--------------------|------------------------|-----------------------------------|
| Education Programs | \$330 | \$3,705 | N/A | \$4,035 |
| Low-Flow Kits | \$1,249 | \$0 | N/A | \$1,249 |
| Non-Program Specific | N/A | N/A | \$6,253 | \$6,253 |
| TOTAL | \$1,579 | \$3,705 | \$6,253 | \$11,537 |

Internal Administration:

The internal administrative costs are RNG's direct expenses related to the individual energy efficiency program's implementation. The materials for the Education Program performed in the elementary school for fourth (4th) graders cost \$330.09. The Low-Flow showerhead kits distributed to qualified residential customers cost \$1,249 for the 111 kits distributed. The kits included a low-flow showerhead, a kitchen aerator, and a bathroom aerator with instructions in English and Spanish for self-install.

Promotional:

Promotional costs were used primarily for the Education Program and delivered through the local radio station with daily spots. The energy efficiency informational campaigns promoted different measures for the community at large to raise awareness. The promotional costs were \$3,705.26

Portfolio Costs:

The portfolio costs were expenses related to RNG's implementation of the 2016-2017 Plan and are non-program specific. The portfolio costs reported are for outside legal costs to represent RNG in the filing and case management of its 2016-2017 Plan Application and programs. Portfolio costs were \$6,252.77.

SECTION 2: TARIFF COLLECTIONS

Advice Notice 53 was filed August 27, 2018, and was effective with the next billing cycle. Beginning October 1, 2018, RNG charged its residential customers the approved Rate Rider No. 6 rate of \$.0045/ccf.

Tariff Reconciliation:

The beginning balance in the Energy Efficiency Rate Rider account at May 1, 2018, was an under-collection of 423.33. Expenses for the period May 1, 2018, through April 30, 2019, totaled \$11,537. Collections for the same period May 1, 2018, through April 30, 2019, totaled \$11,104.16.

RNG has calculated that \$.0002 per ccf is required to cover the under-collection. Please see Appendix A for Rate Rider No. 6 Reconciliation Costs.

SECTION 3: PROGRAM REPORT FINDINGS

The Commission’s Final Order Adopting Recommend Decision in Case 16-00270-UT, approved RNG’s variance from the requirement to employ an independent program evaluator to assess quantitative estimation, verification, and cost-effectiveness of RNG’s programs.¹

RNG’s 2017-2018 program year evaluation of the Low-Flow Showerhead (LFS) Program consists of a customer survey conducted to confirm that the LFS kits had been installed and to determine customer satisfaction and qualitative assessment of the LFS program. RNG’s 2017-2018 program year evaluation of the Education Program consists of a review from the elementary school’s principal and participating teachers.

Low-Flow Showerhead Program:

For the RNG Low-Flow Showerhead (“LFS”) Program, RNG distributed 111 kits for the period May 1, 2018 through April 30, 2019. RNG promoted the LFS program through its website, its monthly newsletter, radio spots to increase energy efficiency awareness, in its Elementary Education program, and with promotional information flyers and applications in its office lobby.

Applications for the LFS program were provided on RNG’s website. Residential customers were asked to provide their account number, service address, email address, phone number and to verify a natural gas water heater at their service address.

Distribution for the LFS kits was through RNG’s office. First, RNG customer service personnel reviewed the applications; second, RNG notified the customer by phone or email to pick-up the LFS kit at the RNG office.

Participation objectives for low-income residents were accomplished through coordination with Raton Housing Authority to distribute kits to residential customers residing in low-income housing. For the 2017-2018 Program, RNG’s LFS program achieved a 100% participation level with one hundred eleven (111) LFS kits distributed to low-income residential customers. RNG paid \$11.25 per LFS kit; therefore, 111 kits to low-income residents is equal to \$1,249 and yields 100% of the total 2017-2018 LFS Program Cost.

Customer qualitative evaluation of the LFS kits was conducted by a telephone survey of forty nine (49) residential customers who picked-up the LFS kit.

RNG concluded from the qualitative customer survey results, participation rate, and the UCT, that the LFS Kit program has been an impactful energy efficiency program for RNG’s residential customers. RNG will continue the program.

¹ See RD, section VI. Conclusion, paragraph 14, page 38

Education Program:

RNG sponsored public service messages throughout the 2017-2018 Program, which provided energy efficiency information and consumer advice on the local radio station, KRTN. KRTN is the only local broadcast medium that provides the citizens of City of Raton and surrounding areas with up-to-date local news and weather as well as community information. While RNG cannot quantify the energy savings impact of its public service messages, the Utility believes that public service messages are an effective way to reach its customers with useful energy efficiency information.

RNG partnered with the Raton Public Schools to bring energy efficiency concepts to fourth grade students. On November 5, 2018, RNG conducted "Learning about the Double E" for eighty six (86) 4th grade students. RNG worked with the Principal and 4th Grade Teachers to develop a curriculum that introduced energy and energy savings ideas. Each student completed the program with a booklet, viewing a short movie, and signing an "energy contract" to discuss energy savings with family members and friends. A general evaluation of energy efficiency program was provided by the principal and four (4) teachers.

The Commission approved in Final Order Case No. 15-00247-UT an imputed UCT of one (1) for RNG's Education Program. RNG believes the public service messages, the local forums, and the educational efforts in the public schools are incapable of being quantified, but should be accorded a UCT of one (1) for the positive impact on public awareness for all energy efficiency measures.

SECTION 4: PROGRAM PARTICIPANTS, ENERGY SAVINGS, AND COSTS

Estimated Program Costs vs Actual Program Costs with Program Participants Served

To provide a comparison of estimated savings and costs approved for the 2017-2018 Program Year to the actual savings and costs, please refer to Table 3 and Table 4 below.

Table 3 lists the estimated savings and program costs approved in Case No. 16-00247-UT.

Table 3: Estimated 2017-2018 EE Program Participation, EE Program Budget, and UCT Results

| Program | Estimated Participation | Estimated Annual Therms Saved | Estimated Lifetime Therms Saved | Case No. 16-00270-UT Program Budget | UCT |
|--------------------|--------------------------------|--------------------------------------|--|--|-------------|
| Education Programs | 165 | N/A | N/A | \$4,532 | 1 |
| Low-Flow Kits | 100 | 4,040 | 40,400 | \$1,189 | 9.55 |
| Portfolio Costs | N/A | N/A | N/A | \$5,616 | N/A |
| TOTAL | 265 | 4,040 | 40,400 | \$11,337 | 1.33 |

Table 4 provides the actual savings and program costs for the 2017-2018 EE Program Year.

Table 4: Actual 2017-2108 EE Program Participation, EE Program Costs, and UCT Results

| Program | Actual Participation | Annual Therms Saved | Lifetime Therms Saved | 2017-2018 Program Actual Costs | UCT |
|--------------------|-----------------------------|----------------------------|------------------------------|---------------------------------------|-------------|
| Education Programs | 86 | N/A | N/A | \$4,035 | 1 |
| Low-Flow Kits | 111 | 4,484 | 44,840 | \$1,249 | 10.09 |
| Portfolio Costs | N/A | N/A | N/A | \$6,253 | N/A |
| TOTAL | 197 | 4,484 | 44,840 | \$11,537 | 1.44 |

APPENDIX A: RECONCILIATION CALCULATIONS

Raton Natural Gas EE 2017-20018 Program Reconciliation and Cost Recovery Calculation

| <u>Line</u> | | <u>Over/(Under)</u> |
|-------------|------------------------------------|---------------------|
| <u>No.</u> | | <u>Recovered</u> |
| | | <u>Amounts</u> |
| 1 | Reconciliation Amounts at 4/30/18 | \$ (423.33) |
| 2 | 2017-2018 Plan Costs | \$ 11,537.00 |
| 3 | Cost Recovery 5/1/18 to 4/30/19 | \$ 11,104.16 |
| 4 | Net Under Collection for 2018-2019 | \$ (432.84) |
| 5 | Projected Residential ccf | 2,700,000 |
| 6 | Proposed Cost Recovery per ccf | \$ 0.0002 |