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## Gas Efficiency May Get Scrutiny

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The state Public Regulation commissioners on Thursday discussed the possibility of examining PNM's natural gas efficiency program and the surcharge on users' bills that funds the program.

The commissioners will vote at their meeting Tuesday on whether to conduct the investigation.

District 1 Commissioner Jason Marks said RLW Analytics, an independent evaluator hired by the utility, found that participation in the program has been less than predicted and said it is time to reconsider the methods the program uses to reach its goals of reducing natural gas use and saving consumers money. He also said the overhead for the program is much higher than its payments to customers.

PNM representatives and Gail Ryba, a representative for the Southwest Energy Efficiency Project, said that PNM is already revising the program and that, while changes may be needed, the whole program should not be eliminated.

The PRC approved Public Service Company of New Mexico's natural gas efficiency program in December 2005. The program was budgeted at about \$2.2 million a year and funded by a surcharge on customers' bills of \$.0075 per thermal unit, or about \$5 a year per household.

The program has four components managed by PNM: a water heater tank wrap; a programmable thermostat; an energy efficiency products bundle; and insulation and weatherization. PNM offered rebates for retail purchases of the products, while rebates for the insulation and weatherization were offered through contractors.

Marks said RLW Analytics found public participation in the water heater tank wrap, thermostat and product bundle programs was low. He suggested using more direct methods of reaching the public. He said after the meeting that, in 2006, overhead exceeded direct costs in the four programs by more than \$300,000.

"I feel we're not properly using the ratepayers' money and we shouldn't wait until July, when the program ends, to do something about it," he said.

Gerard Ortiz, PNM's director of market services, said PNM will eliminate the tank wrap, thermostat and product bundle components in late June and that the customers' surcharge will fall proportionately. He added that the program's overhead pays for advertising and other expenses.

In other business, PRC commissioners voted to launch an investigation of an explosion in a Giant Industries natural gas distribution line in the company's refinery employee housing near Jamestown, N.M.