



**ANNUAL REPORT FOR ENERGY EFFICIENCY PROGRAMS
CALENDAR YEAR 2018**

NMPRC EFFICIENT USE OF ENERGY RULE 17.7.2 NMAC

JUNE 1, 2019

Table of Contents

SECTION I. EXECUTIVE SUMMARY	3
<i>INTRODUCTION</i>	3
<i>SUMMARY OF RESULTS</i>	3
<i>2018 CUMULATIVE PROGRAM GOALS.....</i>	5
SECTION II. PROGRAM DESCRIPTIONS	6
<i>EDUCATIONAL PROGRAM</i>	6
<i>LivingWise Program.....</i>	6
<i>RESIDENTIAL PROGRAMS</i>	6
<i>Residential Comprehensive Program.....</i>	6
<i>CFL & LED Program.....</i>	6
<i>ENERGY STAR® New Homes Program.....</i>	6
<i>LOW INCOME PROGRAM</i>	7
<i>New Mexico EnergySaver Program</i>	7
<i>COMMERCIAL PROGRAMS</i>	7
<i>Small Commercial Comprehensive Program</i>	7
<i>SCORE Plus Program.....</i>	8
<i>AWARENESS BUILDING CAMPAIGN.....</i>	8
<i>Awareness Building & Trade Ally Campaign</i>	8
SECTION III. ENERGY EFFICIENCY RULE REPORTING REQUIREMENTS	9
DOCUMENTATION OF PROGRAM EXPENDITURES.....	9
ESTIMATED AND ACTUAL CUSTOMER PARTICIPATION AND SAVINGS LEVELS	11
ESTIMATED AND ACTUAL COSTS (EXPENSES) AND AVOIDED COSTS (BENEFITS)	11
COST EFFECTIVENESS EVALUATION.....	12
SELF-DIRECTED PROGRAM PARTICIPATION.....	12
INDEPENDENT MEASUREMENT AND VERIFICATION REPORT	12
PROGRAM EXPENDITURES NOT COVERED IN THE INDEPENDENT EM&V REPORT	12
ANNUAL ECONOMIC BENEFITS BY PROGRAM.....	13
NON-ENERGY BENEFITS.....	13
TARIFF RECONCILIATION	14
ESTIMATED PROGRAM EXPENDITURES EXPECTED IN 2019	15
ATTACHMENT A:	
EVALUATION OF THE 2018 EL PASO ELECTRIC ENERGY EFFICIENCY PROGRAMS.....	16

Section I. Executive Summary

Introduction

El Paso Electric Company (“EPE”) submits its annual report on the performance of EPE’s Energy Efficiency Programs for calendar year 2018 (“2018 Programs”). This Annual Report for Energy Efficiency Programs (“Annual Report”) covers the program period from January 1, 2018, through December 31, 2018, and relies on the statewide independent evaluator’s report, *Evaluation of the 2018 El Paso Electric Energy Efficiency Programs* (“EM&V Report”) prepared by Evergreen Economics (“Evergreen”). The EM&V Report is included as Attachment A. The programs evaluated in this Annual Report were approved by the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) in NMPRC Case No. 16-00185-UT on February 22, 2017 for the 2017 Program Year and continued for the 2018 Program Year in accordance with 17.7.2.8(A) NMAC.

Summary of Results

Results are based upon independent evaluation, measurement and verification (“EM&V”) by Evergreen. The following 2018 Programs are included in this Annual Report:

- LivingWise® Program
- Residential Comprehensive Program
- CFL & LED Program
- ENERGY STAR® New Homes Program
- NM EnergySaver Program
- Small Commercial Comprehensive Program
- SCORE Plus (School, Local Government, and Business Assistance) Program

The following is a short summary of the overall results:

- The 2018 Programs were cost effective as measured by the Utility Cost Test (“UCT”). The UCT for the portfolio of programs is 1.91.¹
- The total annual net energy savings were 17,216,718 kilowatt-hours (“kWh”) at the customer meter.
- The total 2018 Program expenditures were \$5,066,315.
- The total amount collected through Rate No. 17 - Efficient Use of Energy Recovery Factor (“EUERF”) was \$4,915,362.
- EPE’s reconciliation of 2018 Plan Year collections and expenditures resulted in a 2018 Plan Year average of \$365,102.

¹ A UCT of greater than one indicates the cost effectiveness of the energy efficiency portfolio or program.

Table 1 shows the total number of participants or units, the verified annual demand and energy savings, the lifetime energy savings, and the total program costs for the 2018 Programs.

Program	Participants or Units	Annual Savings (kW)	Annual Savings* (kWh)	Lifetime Savings* (kWh)	Total Program Expenses
Educational					
LivingWise Program	3,050	7	726,447	6,473,281	\$ 99,841
Residential					
Residential Comprehensive Program	1,396	1799	2,944,279	44,147,715	\$ 983,890
CFL & LED Program	156,960	404	3,244,853	38,418,708	\$ 384,753
ENERGY STAR New Homes Program	300	207	444,000	9,147,870	\$ 377,765
Low Income					
NM EnergySaver Program	1,269	241	2,367,060	31,597,916	\$ 680,466
Commercial					
Small Commercial Comprehensive Program	154	360	1,920,643	27,117,275	\$ 413,015
SCORE Plus Program	48	646	5,569,436	75,616,332	\$ 1,774,171
General Administration	-	-	-	-	\$ 154,577
Marketing for All Programs	-	-	-	-	\$ 111,532
Awareness Building Campaign	-	-	-	-	\$ 86,306
TOTAL	163,177	3,664	17,216,718	232,519,098	\$ 5,066,315

*Totals may not tie due to rounding.

Table 2 presents the 2018 Benefit-Cost Analysis by Program based on the net present value (“NPV”) of the 2018 Programs’ benefits, expenses, and the program and portfolio UCT ratios. In accordance with the New Mexico Efficient Use of Energy Act (“EUEA”) NMSA 1978 Section 62-17-5, EPE’s portfolio of programs meets the UCT cost-effectiveness standard.

Program	NPV of Benefits	NPV of Expenses*	UCT
Educational			
LivingWise Program	\$ 145,752	\$ 99,841	1.46
Residential			
Residential Comprehensive Program	\$ 3,446,482	\$ 983,890	3.50
CFL & LED Program	\$ 1,207,096	\$ 384,753	3.14
ENERGY STAR New Homes Program	\$ 481,345	\$ 377,765	1.27
Low Income			
NM EnergySaver Program	\$ 1,133,895	\$ 680,466	1.67
Commercial			
Small Commercial Comprehensive Program	\$ 1,006,418	\$ 413,015	2.44
SCORE Plus Program	\$ 2,277,580	\$ 1,774,171	1.28
General Administration	-	\$ 154,577	-
Marketing for All Programs	-	\$ 111,532	-
Awareness Building Campaign	-	\$ 86,306	-
TOTAL	\$ 9,698,568	\$ 5,066,315	1.91

*Totals may not tie due to rounding.

2018 Cumulative Program Goals

Table 3 provides the annual and cumulative energy savings achieved from 2008 through 2018. The EUEA requires that EPE achieve cumulative savings of 65,815,596 kWh by 2014, which is equal to five percent (5%) of EPE's 2005 retail sales, and 105,304,953 kWh by 2020, which is equal to eight percent (8%) of EPE's 2005 retail sales. By the end of 2018, EPE had achieved a cumulative total savings of 135,518,028 kWh. This exceeds the 2020 statutory goal by 28.69 percent.

The 2018 cumulative savings includes all annual savings for program years 2008 through 2018, less the 2008 annual expired portfolio kWh. Those savings were removed once they expired in 2015.

Year	Annual kWh Savings	Annual Expired Portfolio kWh	Cumulative kWh Savings	EUEA Goal
2008	855,912		855,912	
2009	4,667,928		5,523,840	
2010	5,169,908		10,693,748	
2011	14,728,590		25,422,338	
2012	13,537,655		38,959,993	
2013	12,832,995		51,792,988	
2014	20,692,228		72,485,216	65,815,596
2015	15,729,342		88,214,558	
2008 Expired		(855,912)	87,358,646	
2016	18,213,422		105,572,068	
2017	12,729,242		118,301,310	
2018	17,216,718		135,518,028	
2019				
2020				105,304,953

Section II. Program Descriptions

Educational Program

LivingWise Program

The LivingWise Program is an educational program that targets fifth grade students. Participating teachers are provided educational materials that are presented in the classroom. Students receive a kit containing energy and water efficient devices for installation at home to generate immediate and long-term resource savings. EPE contracted with Resource Action Programs® (“RAP”) to implement and manage this program. RAP identified and enrolled teachers and their students within EPE’s New Mexico service territory. EPE distributed 3,050 kits during the 2018 fall semester and achieved a savings of 726,447 kWh.

Residential Programs

Residential Comprehensive Program

The Residential Comprehensive Program offers rebates for the following measures: ceiling and floor insulation, duct sealing, air infiltration, solar screens, evaporative coolers, refrigerated air conditioning, HVAC Tune-Ups, and pool pumps. The rebates are paid directly to the customer or, upon customer approval, can be paid to the contractors that perform the installation. Frontier Energy administered the rebate process. EPE promoted this program through various outreach methods including radio and newspaper advertising, bill inserts, and targeted outreach to contractors that install these measures. In 2018, a total of 1,396 rebates were processed with an annual savings of 2,944,279 kWh.

CFL & LED Program

The Residential Lighting Program provides incentives in the form of markdowns and discount coupons at retail locations. The program encourages customers to replace their existing light bulbs with more energy efficient lighting. EPE contracted with Energy Federation Incorporated and CLEAResult Consulting to provide the outreach and administration for this program. A total of 17 retail locations participated in this program. EPE promoted the CFL & LED Program through several outreach methods, including radio and newspaper advertising, social media, and point of purchase displays at stores. Additionally, EPE provided 1,200 4-packs of LEDs to customers at no cost through Doña Ana County Health & Human Services Community Centers. A total of 156,960 bulbs were sold and distributed through this program, saving a total of 3,244,853 kWh.

ENERGY STAR® New Homes Program

The ENERGY STAR® New Homes Program provides incentives for homebuilders to construct energy efficient homes that exceed current 2009 International Energy Conservation Code (“IECC”) standards. EPE offered two incentive paths depending on which best fits the homebuilders’ needs. The Performance Path provides tiered incentive levels for new homes that exceed the 2009 IECC building code goals by ten percent. The Prescriptive Path provides incentives for measures that exceed building code requirements. The installation of a combination of measures includes ENERGY

STAR® lighting, refrigerators, radiant barriers, insulation, and refrigerated air conditioning. EPE contracted with ICF International, Inc. to implement and manage this program. EPE promoted this program through various informational training sessions for homebuilders and real estate agents in the area throughout the year. EPE provided yard signs for homes in the Performance Path, advertising that they were more energy efficient than other homes in the area. EPE targeted its marketing efforts through the Las Cruces Home Builders Association and its trade magazine. In 2018, 300 homes participated in this program and a total annual savings of 444,000 kWh was achieved.

Low Income Program

New Mexico EnergySaver Program

The New Mexico EnergySaver Program offers income-qualified customers a variety of energy efficiency measures at no cost. Qualification for the Program is based on an annual household income at or below 200 percent of the federal poverty guidelines. Homes with refrigerated air conditioning qualified for LEDs, insulation, air infiltration, and duct sealing. Homes with evaporative coolers qualified for LEDs. Homes with electric water heaters also qualified for low-flow kitchen and bathroom aerators, and low-flow showerheads. Frontier Energy administered and tracked the results of this program, and EnergyWorks identified customers and implemented the direct installs. In an effort to expand measures that continue to serve the low-income population, EPE installed a limited number of sixty energy efficient evaporative coolers in 2018. This project allowed us to test the measure and customer response before including it in the 2019 program. EnergyWorks collaborated with a variety of community organizations including neighborhood associations, church groups, and low-income service providers. EPE continued to combine energy efficiency services with New Mexico Gas Company and Zia Natural Gas Company when possible to provide customers a more comprehensive energy efficiency service approach. EPE promoted this program through outreach utilizing customer referrals, door-to-door marketing, bill inserts, and radio and newspaper advertising. This program had 1,269 participants and had an annual savings of 2,367,060 kWh.

Commercial Programs

Small Commercial Comprehensive Program

The Small Commercial Comprehensive Program is implemented by EPE and provides energy efficiency incentives and rebates for commercial customers whose average annual demand is up to and including 100 kilowatts (“kW”). Incentives and rebates are offered for lighting and lighting controls, Heating, Ventilation, and Air Conditioning (“HVAC”) upgrades and HVAC controls, HVAC tune-ups, cool roofs, vending miser controls, and solar screen/film window treatments. EPE identified possible energy efficiency measures by conducting walk-through audits. EPE contracted with Frontier Energy to administer the incentive and rebate process and track the results of the program. EPE advertised the Small Commercial Comprehensive Program through direct customer contact, bill inserts, and social media. To further promote this program, EPE reached out to various electrical contractors and distributors, HVAC contractors and distributors, and property managers. A full-day High Performance HVAC Tune-Up training was provided to interested HVAC contractors. The Small Commercial Comprehensive Program had 154 participants and saved a total of 1,920,643 kWh.

SCORE Plus Program

The SCORE Plus (Schools, Local Government, and Business Assistance) Program offers customer incentives, technical support, and outreach services to commercial customers with an annual average demand of greater than 100 kW, as well as schools, city, county, and government customers, regardless of their annual average demand. This program offers incentives for a range of energy efficiency measures including lighting, lighting controls, HVAC upgrades, HVAC controls, and custom projects. EPE contracted with CLEAResult to actively recruit eligible customers and to provide assistance to identify energy efficiency improvements that could be made to their facilities. CLEAResult also assisted customers in the program application process. EPE promoted this program through direct customer and contractor contact. A full-day High Performance HVAC Tune-Up training was provided to interested HVAC contractors. In 2018, a total of 48 participants saved 5,569,436 kWh through various energy efficiency measures.

Awareness Building Campaign

Awareness Building & Trade Ally Campaign

During 2018, EPE successfully educated customers and contractors about the benefits of EPE's New Mexico energy efficiency programs, as well as how customers could participate, how to contact EPE employees directly via the Energy Efficiency Hotline, and how to access the EPE website which provides the necessary energy efficiency program information and forms. EPE also provided contractors with best practices training during the program kickoff meetings. EPE participated in various community events, provided presentations on energy efficiency and energy conservation, and included program information in bill inserts, print and radio advertising, and social media.

Section III. Energy Efficiency Rule Reporting Requirements

Section III of the Annual Report provides program information to comply with the Efficient Use of Energy Act as required by the NMPRC Energy Efficiency Rule 17.7.2.14.

Documentation of Program Expenditures

Table 4 shows the allocation of 2018 expenses by program. The Commission approved EPE's 2017 Program budgets in Case No. 16-00185-UT, and EPE continued those budgets for the 2018 Program Year in accordance with 17.7.2.8(A) NMAC. All 2018 Program expenses were tracked through a unique work order number. Likewise, all revenue collected through EPE's EUERF was booked to a separate work order number. Costs specific to an individual program, such as customer incentives and targeted promotion, are allocated directly to that program. Administration costs are allocated to each program in proportion to their direct costs. The total 2018 program costs were \$5,066,315 of the approved \$5,191,267 budget or 97.6 percent of the budget.

Programs	Administration*	Marketing	M&V	Customer Incentives	Total Program Expenses
Educational					
LivingWise Program	\$ 5,570	\$ -	\$ 2,008	\$ 92,263	\$ 99,841
Residential					
Residential Comprehensive Program	\$ 182,335	\$ -	\$ 19,790	\$ 781,764	\$ 983,890
CFL & LED Program	\$ 164,919	\$ -	\$ 7,739	\$ 212,094	\$ 384,753
ENERGY STAR New Homes Program	\$ 162,806	\$ 200	\$ 7,599	\$ 207,160	\$ 377,765
Low Income					
NM EnergySaver Program	\$ 41,781	\$ -	\$ 13,687	\$ 624,998	\$ 680,466
Commercial					
Small Commercial Comprehensive	\$ 74,268	\$ -	\$ 8,308	\$ 330,440	\$ 413,015
SCORE Plus Program	\$ 803,445	\$ -	\$ 35,686	\$ 935,039	\$ 1,774,171
General Administration	\$ 154,577	\$ -	\$ -	\$ -	\$ 154,577
Marketing for All Programs	\$ -	\$ 111,532	\$ -	\$ -	\$ 111,532
Awareness Building Campaign	\$ -	\$ 86,306	\$ -	\$ -	\$ 86,306
TOTAL	\$ 1,589,702	\$ 198,037	\$ 94,818	\$ 3,183,759	\$ 5,066,315

*Administration includes EPE's internal administration costs of \$174,220 recovered through base rates, therefore those costs are not recovered in Rate No. 17 - EUERF.

Table 5 shows the breakdown of participant incentives by rate class.

Program	Residential NMRT01	Small Commercial NMRT03	General Service NMRT04	City and County NMRT07	Large Power NMRT09	Street Lighting NMRT11	Total Participant Incentives
Educational							
LivingWise Program	\$ 92,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,263
Residential							
Residential Comprehensive Program	\$ 781,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 781,764
CFL & LED Program	\$ 212,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,094
ENERGY STAR New Homes Program	\$ 207,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,160
Low Income							
NM EnergySaver Program	\$ 624,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 624,998
Commercial							
Small Commercial Comprehensive	\$ -	\$ 224,446	\$ 105,994	\$ -	\$ -	\$ -	\$ 330,440
SCORE Plus Program	\$ -	\$ 5,338	\$ 572,064	\$ 178,213	\$ 11,539	\$ 167,885	\$ 935,039
TOTAL	\$ 1,918,280	\$ 229,784	\$ 678,058	\$ 178,213	\$ 11,539	\$ 167,885	\$ 3,183,759

Table 6 shows the budgeted amounts, the program expenditures, and the variances for each program during 2018. The variances in individual program costs from the budgeted amounts were primarily due to customer participation being lower or higher than projected.

Program	2018 Approved Budget	2018 Actual Expenses	Variance %
Educational			
LivingWise Program	\$ 157,317	\$ 99,841	-37%
Residential			
Residential Comprehensive Program	\$ 1,231,382	\$ 983,890	-20%
CFL & LED Program	\$ 478,000	\$ 384,753	-20%
ENERGY STAR New Homes Program	\$ 357,000	\$ 377,765	6%
Low Income			
NM EnergySaver Program	\$ 510,465	\$ 680,466	33%
Commercial			
Small Commercial Comprehensive Program	\$ 654,650	\$ 413,015	-37%
SCORE Plus Program	\$ 1,531,453	\$ 1,774,171	16%
General Administration	\$ 100,000	\$ 154,577	55%
Marketing for All Programs	\$ 110,000	\$ 111,532	1%
Awareness Building Campaign	\$ 61,000	\$ 86,306	41%
TOTAL	\$ 5,191,267	\$ 5,066,315	-2%

Estimated and Actual Customer Participation and Savings Levels

Table 7 presents the estimated and actual customer participation levels, annual energy savings, and annual peak demand savings for each program.

Program	Estimated Participants or Units	Actual Participants or Units	Estimated Savings (kWh)	Actual Savings (kWh)	Estimated Savings (kW)	Actual Savings (kW)
Educational						
LivingWise Program	2,996	3,050	736,909	726,447	26	7
Residential						
Residential Comprehensive Program	1,615	1,396	3,259,383	2,944,279	1,995	1,799
CFL & LED Program	101,325	156,960	1,184,390	3,244,853	120	404
ENERGY STAR New Homes Program	309	300	373,974	444,000	183	207
Low Income						
NM EnergySaver Program*	41,790	1,269	996,439	2,367,060	111	241
Commercial						
Small Commercial Comprehensive Program	159	154	2,090,027	1,920,643	319	360
SCORE Plus Program	201	48	4,605,661	5,569,436	687	646
TOTAL	148,395	163,177	13,246,783	17,216,718	3,441	3,664

*For the NM EnergySaver Program, the Estimated Participants or Units column shows the estimated number of units as filed in Case No. 16-00185-UT. The Actual Participants or Units column shows the actual number of unique participating homes served.

Estimated and Actual Costs (Expenses) and Avoided Costs (Benefits)

Table 8 presents the net present value of estimated and actual monetary expenses and benefits for each program. The estimated expenses and benefits were included in Case No. 16-00185-UT.

	Estimated NPV of Monetary Costs	Actual NPV of Monetary Costs	Estimated NPV of Monetary Benefits	Actual NPV of Monetary Benefits
Educational				
LivingWise Program	\$ 157,317	\$ 99,841	\$ 181,202	\$ 145,752
Residential				
Residential Comprehensive Program	\$ 1,231,382	\$ 983,890	\$ 3,427,044	\$ 3,446,482
CFL & LED Program	\$ 478,000	\$ 384,753	\$ 528,900	\$ 1,207,096
ENERGY STAR New Homes Program	\$ 357,000	\$ 377,765	\$ 399,227	\$ 481,345
Low Income				
NM EnergySaver Program	\$ 510,465	\$ 680,466	\$ 511,418	\$ 1,133,895
Commercial				
Small Commercial Comprehensive Program	\$ 654,650	\$ 413,015	\$ 1,958,206	\$ 1,006,418
SCORE Plus Program	\$ 1,531,453	\$ 1,774,171	\$ 837,758	\$ 2,277,580
General Administration	\$ 100,000	\$ 154,577	\$ -	\$ -
Marketing for All Programs	\$ 110,000	\$ 111,532	\$ -	\$ -
Awareness Building Campaign	\$ 61,000	\$ 86,306	\$ -	\$ -
TOTAL	\$ 5,191,267	\$ 5,066,315	\$ 7,843,755	\$ 9,698,568

Cost Effectiveness Evaluation

Table 9 presents the UCT for each program for 2018. The UCT of the total portfolio of programs was 1.91. A UCT of greater than one indicates the cost effectiveness of the energy efficiency portfolio or program. The weighted average cost of capital of 6.9704 percent and avoided costs of \$0.0210/kWh were used to calculate the UCTs. EPE's 2018 total portfolio of programs passed cost effectiveness.

Program	UCT
Educational	
LivingWise Program	1.46
Residential	
Residential Comprehensive Program	3.50
CFL & LED Program	3.14
ENERGY STAR New Homes Program	1.27
Low Income	
NM EnergySaver Program	1.67
Commercial	
Small Commercial Comprehensive Program	2.44
SCORE Plus Program	1.28
TOTAL	1.91

Self-Directed Program Participation

EPE did not receive any applications for customer self-directed programs in 2018.

Independent Measurement and Verification Report

The statewide independent evaluator, Evergreen, was selected by the NMPRC. EPE contracted with Evergreen to conduct the independent evaluation of its 2018 Programs. The EM&V Report is included as Attachment A to this report and includes:

- Documentation of expenses at both the individual and total portfolio program levels;
- Measured and verified energy and demand savings;
- Cost-effectiveness of all 2018 Programs;
- Deemed savings and other assumptions used by Evergreen; and,
- Description of the EM&V process used by Evergreen.

Program Expenditures Not Covered in the Independent EM&V Report

All program-related expenditures are included in the EM&V Report. EPE spent a total of \$5,066,315 for the 2018 Programs.

Annual Economic Benefits by Program

Table 10 presents the annual and lifetime energy savings, estimated useful life, and annual economic benefits for the 2018 Programs. The average EUL, as shown in Table 10, is calculated by dividing the total lifetime energy savings by the annual energy savings, resulting in an average estimate of how long measures will continue to provide savings.

Program	Annual Energy Savings (kWh)	Lifetime Energy Savings* (kWh)	Estimated Useful Life	Annual Benefits
Educational				
LivingWise Program	726,447	6,473,281	9	\$ 16,357
Residential				
Residential Comprehensive Program	2,944,279	44,147,715	15	\$ 229,851
CFL & LED Program	3,244,854	38,418,708	12	\$ 101,952
ENERGY STAR New Homes Program	444,000	9,147,870	21	\$ 23,362
Low Income				
NM EnergySaver Program	2,367,060	31,597,916	13	\$ 84,942
Commercial				
Small Commercial Comprehensive Program	1,920,643	27,117,275	14	\$ 71,282
SCORE Plus Program	5,569,436	75,616,332	14	\$ 167,753
TOTAL	17,216,718	232,519,098	14	\$ 695,499

*Totals may not tie due to rounding.

Non-Energy Benefits

Table 11 shows the estimated emissions savings, and Table 12 shows the estimated water savings associated with the 2018 Programs. The annual and lifetime avoided emissions are determined by multiplying the emission rates times the annual and lifetime megawatt-hours (“MWh”) saved. The water savings are determined by multiplying EPE’s average portfolio water consumption per MWh times the annual and lifetime energy savings.

Emission Type	Avoided Electric Emission Rate (lbs/MWh)	Annual Avoided Emissions (tons)	Lifetime Avoided Emissions (tons)
SO ₂	0.0057	0.05	0.66
NO _x	1.10	9.47	127.96
CO ₂	1,145	9,855	133,094
Particles	0.0889	0.76	10.33

Water Impact	EPE Portfolio Water Consumption (gal/MWh)	Annual Water Saved (gal)	Lifetime Water Saved (gal)
Water Saved	477.3	8,216,791	110,971,253

Tariff Reconciliation

Table 13 presents the calculation for EPE's 2018 tariff reconciliation based on the 2018 program expenditures plus the approved 2018 utility incentive, less EPE's internal administration costs, and less the cost recovery through EPE's EUERF from January through December 2018. The costs recovered through the EUERF are therefore not recovered through EPE's base rates.

EPE's 2018 utility incentive is based on its costs and satisfactory performance of measures and programs. Utilizing the sliding scale utility incentive approved by the Commission's Final Order in Case No. 16-00185-UT (7.1 percent for verified annual savings of 9 gigawatt-hours ("GWh") with an adder incentive of 0.075 percent for each 1.0 GWh of additional energy savings, up to a maximum of 7.6657 percent), EPE earned a profit incentive of 7.6657 percent for its verified annual energy savings of 17.217 GWh.

Description	Total Program Expenses	7.6657% Utility Incentive	Internal Admin Costs Recovered Through Base Rates	EUERF Recovery	(Underage)/Overage
2018 Energy Efficiency Activity	\$ 5,066,315	\$ 388,369	\$ 174,220	\$ 4,915,362	\$ 365,102
Ending Balance					\$ 365,102

EPE's total program expenses (\$5,066,315 + \$388,369 utility incentive = \$5,454,684) exceeded its revenues collected (\$174,220 + \$4,915,362 = \$5,089,582) resulting in an overage amount of \$365,102.

Table 14 presents the month-by-month reconciliation of EPE's tariff reconciliation.

Month	Total Program Expenses	7.6657% Utility Incentive	Internal Admin Costs Recovered Through Base Rates	EUERF Recovery	(Underage)/Overage
Jan 2018	\$ 14,718	\$ 1,128	\$ 14,518	\$ 359,040	\$ (357,711)
Feb 2018	\$ 24,977	\$ 1,915	\$ 14,518	\$ 307,541	\$ (652,880)
Mar 2018	\$ 197,419	\$ 15,134	\$ 14,518	\$ 294,128	\$ (748,973)
Apr 2018	\$ 194,813	\$ 14,934	\$ 14,518	\$ 287,340	\$ (841,084)
May 2018	\$ 382,176	\$ 29,296	\$ 14,518	\$ 365,586	\$ (809,715)
Jun 2018	\$ 301,607	\$ 23,120	\$ 14,518	\$ 514,013	\$ (1,013,519)
Jul 2018	\$ 353,336	\$ 27,086	\$ 14,518	\$ 632,526	\$ (1,280,142)
Aug 2018	\$ 400,414	\$ 30,695	\$ 14,518	\$ 594,891	\$ (1,458,443)
Sep 2018	\$ 674,787	\$ 51,727	\$ 14,518	\$ 540,510	\$ (1,286,957)
Oct 2018	\$ 198,462	\$ 15,213	\$ 14,518	\$ 402,993	\$ (1,490,793)
Nov 2018	\$ 292,505	\$ 22,423	\$ 14,518	\$ 282,248	\$ (1,472,632)
Dec 2018	\$ 2,031,101	\$ 155,698	\$ 14,518	\$ 334,547	\$ 365,102
Total	\$5,066,315	\$ 388,369	\$ 174,220	\$ 4,915,362	

Estimated Program Expenditures Expected in 2019

Table 15 shows estimated program expenditures for 2019. EPE did not have any adjustments to expenditures in plan year 2018 and does not expect any adjustments to expenditures in the next plan year 2019. EPE's Program Year 2019 budget, approved in NMPRC Case No. 18-00116-UT on January 30, 2019, is \$5,723,226 (inclusive of the Program Year 2017 underage of \$609,580).

Table 15: Estimated Program Expenditures Expected in 2019	
2019 Program	Budget
Educational	
LivingWise Program	\$ 75,939
Residential	
Residential Comprehensive Program	\$ 1,113,201
Residential Lighting Program	\$ 568,443
ENERGY STAR New Homes Program	\$ 445,707
Low Income	
NM EnergySaver Program	\$ 555,171
Commercial	
Commercial Comprehensive Program	\$ 1,017,499
SCORE Plus Program	\$ 1,568,955
Commercial Load Management	\$ 378,313
TOTAL	\$ 5,723,226