

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 10th day  
of March, 2010.

In the matter of The Empire District Gas Company of )  
Joplin, Missouri for Authority to File Tariffs Increasing ) **File No. GR-2009-0434**  
Rates for Gas Service Provided to Customers in the )  
Missouri Service Area of the Company. )

**ORDER CLARIFYING REPORT AND ORDER ON DSM FUNDING**

Issue Date: March 10, 2010

Effective Date: March 20, 2010

On February 24, 2010, the Commission issued its Report and Order on DSM Funding in this matter. The Office of the Public Counsel filed a Motion for Reconsideration on March 3, 2010. The Commission issued an Order of Correction on March 4, 2010, correcting the effective date of the Report and Order.

In addition to the effective date error, Public Counsel makes arguments for the Commission to reconsider portions of its decision. The Commission determines that some additional clarification will be helpful.

**Finding of Fact 29**

The Commission is clarifying Finding of Fact 29 in accordance with the Surrebuttal Testimony of Laura Wolfe.<sup>1</sup> In her Surrebuttal Testimony, Ms. Wolfe clarified that the \$921 million and \$847 million savings effect included reductions from energy efficiency investments for electricity and natural gas. The dollar savings in the American

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<sup>1</sup> Ex. 18, pp. 5-6.

Council for an Energy-Efficient Economy (ACEEE) study that are attributed solely to natural gas are \$60 million by 2015 and \$97 million by 2020. Although Finding of Fact 29 should include these figures, the Commission's decision remains the same.

### **Finding of Fact 30**

Finding of Fact 30 currently states: "The most effective energy efficiency projects studied in the National Action Plan for Energy Efficiency were funded at a level equal to a minimum range of 0.5 to 1.5 percent of a natural gas utility's annual operating revenue." This "most effective" language is how Ms. Wolfe interpreted the National Action Plan for Energy Efficiency. Mr. Kind, for the Office of the Public Counsel, took exception to this interpretation and pointed out that the National Action Plan for Energy Efficiency only cites to "effective projects" not "the most effective projects."

The Commission clarifies that Finding of Fact 30 should read: "Energy efficiency projects studied in the National Action Plan for Energy Efficiency were found to be effective when funded at a level equal to a minimum range of 0.5 to 1.5 percent of a natural gas utility's annual operating revenue." In addition, the Commission will strike the words "the most" in the first sentence of the second full paragraph of page 12 of the Report and Order. Even with these clarifications, the Commission's ultimate decision remains unchanged.

### **One Percent Spending Level**

Public Counsel also asks the Commission to reconsider its conclusion that "the studies show that 1.0 percent spending statewide is necessary to bring downward pressure on natural gas prices." Ms. Wolfe stated in her Direct Testimony<sup>2</sup> that nationwide the ACEEE study showed that 1.0 percent could have this effect. This statement was not

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<sup>2</sup> Ex. 17, p. 10.

challenged. The Commission clarifies that the study indicated this funding level was needed “nationwide” and not just “statewide.” However, the Commission did not find that Empire should be spending at the 1.0 percent level, but rather the .5 percent level. This reduction takes into consideration the other energy efficiency funds that will be available in the state and for differences among all the states in spending levels. The Commission clarifies its decision, but this clarification does not alter its determination of funding levels.

### **Water Heater Rebates**

Another request for reconsideration is the Commission’s determination that initially, the energy efficient water heater rebate should be \$75. The Commission cited to one rule of thumb regarding incentives that Mr. Kind put forward at the hearing.<sup>3</sup> The Commission decided, however, not to follow that rule of thumb, in part because the rebate amount may need to be adjusted in September.

The Commission encourages cost effective spending on incentives. But there was no evidence that \$75 rebate amount was not cost-effective, only that it may not be the most cost-effective. Further, the Energy Efficiency Collaborative can suggest changes to Empire in a few months and the Commission made provisions for the members of the Energy Efficiency Collaborative to present any disagreements to the Commission.

As to the weight given to the data examined by Empire’s consultant versus that examined by Mr. Kind, the evidence presented by Empire was based on Empire-specific data. There was no reference to the scope of the data examined by Mr. Kind and this also contributed to the Commission’s determination that \$75 was a more reasonable rebate

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<sup>3</sup> Finding of Fact 12.

amount with which to begin the program. The Commission's decision is clarified to include these considerations but its decision is the same.

**THE COMMISSION ORDERS THAT:**

1. The Commission clarifies its order as set out above.
2. This order shall become effective on March 20, 2010.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'S. C. Reed', is written over a faint, larger signature.

Steven C. Reed  
Secretary

( S E A L )

Davis, Jarrett, Gunn, and Kenney, CC., concur.  
Clayton, Chm., absent.

Dippell, Deputy Chief Regulatory Law Judge