

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File,  
Case No. GR-2005-0284, Tariff File No. YG-2006-0649, Laclede Gas Company

FROM: Tim Peterson, Energy Department – Tariffs/Rate Design

<u>/s/ Thomas Imhoff 03/16/06</u> Energy Department/Date	<u>/s/ Lera Shemwell 03/16/06</u> General Counsel's Office/Date
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SUBJECT: Staff Recommendation to Approve Tariff Sheets Filed in Accordance with  
Stipulation and Agreement to Implement a Natural Gas Equipment Rebate Program.

DATE: March 15, 2006

On February 28, 2006, Laclede Gas Company (Laclede or Company) filed tariff sheets proposed to become effective on March 31, 2006. The tariff sheets were filed in compliance with paragraph 14 of the Stipulation and Agreement (S&A) in Case No. GR-2005-0284 dated September 26, 2005, and approved September 30, 2005, in which the Company agreed to implement a new high-efficiency-appliance rebate program (Rebate Program). On March 9, 2006, Laclede filed a substitute tariff sheet to reflect the correction of a typographical error. The purpose of the Rebate Program is to encourage more efficient use of natural gas by encouraging customers to make energy efficiency improvements. To do this the Company will offer economic incentives (rebates) for installation of high-efficiency natural gas equipment with the Energy Star® (ES) rating.

The parties to the S&A agreed that Laclede would “set aside and expend \$300,000 annually to fund a residential and commercial natural gas program to be generally modeled on similar programs previously approved by the Commission.” (S&A attachment 5, 2). In compliance with the S&A: \$150,000 of the \$300,000 set aside annually would fund an Appliance and HVAC Rebate Program (Residential Rebate) for Laclede’s residential customers, \$100,000 of the \$300,000 set aside annually would fund a Commercial Natural Gas Utilization Equipment Rebate Program (Commercial Rebate) for Laclede’s commercial customers, and \$50,000 of the \$300,000 set aside annually would fund a Rental Property Natural Gas Utilization Equipment Rebate Program (Rental Property Rebate) for rental properties of eight units or less contained within a single building.

The Residential Rebate would consist of a rebate of 50% of the cost of ES-rated gas furnaces and boilers, up to and including a maximum of \$450 per unit for combination space and water heater systems, and \$250 per unit for high-efficiency furnaces and high-efficiency boilers. The Commercial Rebate would consist of a rebate of 50% of the cost of ES-rated-natural-gas-utilization equipment, up to and including a maximum of \$750 per unit, for up to 200 commercial

customers. The Rental Property Rebate would consist of a rebate of 50% of the cost of ES-rated natural-gas-utilization equipment, up to and including a maximum of \$750 for up to 200 rental properties.

Laclede has agreed to make available on its website as well as by mail the names of participating retailers; and to make available by mail three (3) participation forms: one (1) each for the Residential Rebate, Commercial Rebate, and Rental Property Rebate.

The Commission's Energy Department Tariffs/Rate Design Staff (Staff) has reviewed this filing and has determined that the proposed tariff sheets comport with the S&A approved in Case No. GR-2005-0284.

Staff therefore recommends approval of the following tariff sheets, as filed on February 28, 2006, as substituted on March 9, 2006 with an effective date of March 31, 2006:

P.S.C. MO. No. 5 Consolidated, Original Sheet No. R-47

P.S.C. MO. No. 5 Consolidated, Original Sheet No. R-48

Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

My commission expires \_\_\_\_\_