

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File,  
Case No. GE-2009-0194 Missouri Gas Energy

FROM: Anne Ross, Energy Department - Tariffs/Rate Design

<u>/s/ Thomas M. Imhoff</u> <u>12/17/08</u>	<u>/s/ Lera Shemwell</u> <u>12/17/08</u>
Energy Department/Date	General Counsel's Office/Date

SUBJECT: Staff Recommendation in Support Of MGE's Application for Variance

DATE: December 17, 2008

### **History**

On March 22, 2007, the Missouri Public Service Commission (Commission) issued its Report and Order (Order) in Case No. GR-2006-0422. This Order approved a natural gas general rate increase for certain customers of Missouri Gas Energy (MGE or Company).

MGE filed tariff sheets on June 1, 2007, to comply with the Order. On June 20, 2007, Staff filed a recommendation that MGE's tariff sheets be rejected.

In its Response to Staff's Recommendation, filed on June 21, 2007, MGE filed a second set of tariff sheets. Staff filed an amended Staff Recommendation on June 25, 2007, recommending that the second set of tariffs be approved.

On June 25, 2007, the Office of Public Counsel (OPC) filed a Reply asking that the tariffs be suspended. On June 26, the Commission issued its order suspending the tariffs, and scheduling a prehearing conference on July 10, 2007.

On July 3, 2007, MGE filed tariff sheets for the administration of MGE's residential natural gas conservation initiatives, including the high-efficiency gas water heater rebate program (Program).

On July 9, 2007, the OPC filed its Motion to Suspend Tariff and Motion to Take Administrative Notice

On July 10, 2007, the prehearing conference was held, and the parties reached agreement on the general parameters of the MGE Residential Natural Gas Conservation Initiatives.

On July 16, MGE filed its suggestions in oppositions to OPC's motion of July 9, 2007.

On July 26, 2007, MGE filed a Unanimous Stipulation and Agreement (S&A) detailing the agreements reached regarding the administration of MGE's Residential Natural Gas Conservation

Initiatives. This agreement set up the MGE Energy Efficiency Collaborative (EEC), with charter members consisting of representatives of MGE, Commission Staff, Public Counsel and the Department of Natural Resources.

On August 2, 2007, Staff filed a recommendation that the S & A be approved. On August 7, 2007, the Commission issued its order approving the S&A, and ordering MGE to file tariff sheets identical to those attached to the S&A,

On August 8, 2007, MGE filed tariff sheets to comply with the Commission order, along with a request that the tariff sheets be given expedited consideration.

On August 9, 2007, the Commission ordered the Staff to file a Staff Recommendation or Status Report no later than August 10, 2007.

On August 10, 2007, Staff filed a status report informing the Commission of its intent to file a Recommendation no later than August 14, 2007.

On August 14, 2007, the Staff filed a recommendation that the tariff sheets be approved.

On August 15, 2007, the tariff became effective.

On November 27, 2007, MGE filed tariff sheets to modify the Natural Gas Conservation Program (Program).

On December 19, 2007, the Staff filed a recommendation that the tariff sheets be approved.

In July 2008, the EEC retained Sue Nathan of Applied Energy Group to review the ongoing rebate program and make recommendations as to whether the program should be expanded and/or could be improved.

In October 2008, the EEC unanimously approved a 2009 program budget. The group also approved a proposal from Katherine Johnson of Johnson Consulting Group (JCG) to conduct a limited process and impact evaluation of the high-efficiency gas water heater rebate program.

On November 14, 2008, MGE filed an Application for Variance. In its Application, MGE requested that it be granted a variance from the terms on tariff Sheet No. 100 relating to the date on which a report would be filed. Tariff Sheet No. 100 states that:

Within fifteen months of the start of the program, MGE – working collaboratively with the ...EEC - will file a report with the Commission assessing the overall cost effectiveness and the effectiveness of the program delivery process of the first twelve months of its residential natural gas conservation initiatives along with recommendations for improving the programs, including any proposed tariff changes.

The date corresponding to fifteen months following the August 15, 2007, effective date of the tariff setting up the Program would be November 15, 2008. In its Application, MGE cited the ongoing JCG evaluation, and requested that the Commission allow the required report to be filed by February 15, 2009.

**Recommendation**

On November 21, 2008, the members of the EEC were informed that JCG had completed its customer surveys, that the evaluation was proceeding on schedule and within budget, and that the study was expected to be completed by December 19, 2008.

Staff has reviewed MGE's Application for Variance, and, based on the investigation that Staff has conducted, is of the opinion that the requested variance to tariff Sheet No. 100 should be granted.

The Staff has verified that MGE 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.

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

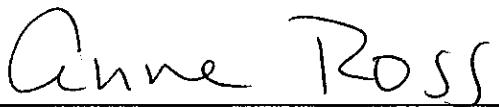
In the Matter of the Application of )  
Missouri Gas Energy, a division of )  
Southern Union Company, for Variance )  
from a Portion of MGE Tariff Sheet No. )  
100 )

Case No. GE-2009-0194

**AFFIDAVIT OF ANNE ROSS**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

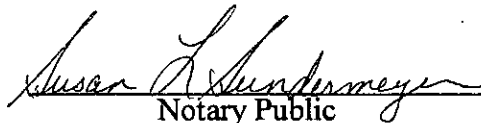
Anne Ross, of lawful age, on oath states: that she has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.

  
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Anne Ross

Subscribed and sworn to before me this 17<sup>th</sup> day of December, 2008.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
\_\_\_\_\_  
Notary Public