

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 26<sup>th</sup> day  
of June, 2007.

In the Matter of Missouri Gas Energy's	)	
Proposed Tariff Sheets to Administer	)	<b><u>Case No. GT-2007-0477</u></b>
Natural Gas Conservation Initiatives	)	Tariff No. YG-2007-0880

**ORDER SUSPENDING TARIFF**

Issue Date: June 26, 2007

Effective Date: June 26, 2007

On June 1, 2007, Southern Union Company, d/b/a Missouri Gas Energy, filed natural gas conservation tariff sheets, claiming that the tariff complies with its commitment to file such sheets no later than June 1. The tariff sheets are due to go into effect July 1.

On June 11, the Office of the Public Counsel filed a Motion to Suspend Tariff, claiming that the tariff sheets do not comply with the Commission's promotional practice rule, 4 CSR 240-3.255(2)(B). MGE has responded, stating that the Commission has already declared in Case No. GR-2006-0422 that this is not a promotional practice.

On June 20, the Staff of the Commission filed its Recommendation. Staff states that it disagreed with OPC, claiming that Commission Rule 4 CSR 240-3.255(2)(B) does not apply to this case because MGE is merely filing a compliance tariff. Further, Staff argued that the program the Commission approved is specifically excluded from being a promotional practice by Commission Rule 4 CSR 240-14.010(6)(L)(8).

Despite Staff's disagreement with OPC, however, Staff still recommended that the Commission suspend the tariff on the grounds that it does not comply with the Commission's Report and Order in Case No. GR-2006-0422. Specifically, Staff points out that

MGE's conservation proposal was limited to the *replacement of existing water heaters*, whereas the tariff would also allow for a bill credit to be given for *water heaters installed in new construction*.

MGE replied to Staff's Recommendation on June 21. While still disagreeing with Staff, MGE stated that it wants to move forward on the limited rebate program expeditiously and, to that end, MGE filed specimen tariff sheets to implement the program proposed by Staff. Those sheets would limit the program to *replacements* of natural gas water heaters. If the Commission finds the tariff sheets acceptable, MGE requests that the Commission order MGE to file identical tariff sheets to become effective no more than ten days after the filing date. Staff replied on June 25, stating that the specimen tariffs comport with the Commission's order in Case No. GR-2006-0422, and recommending that the Commission approve the tariffs.

OPC responded on June 25, continuing to claim that the program is a promotional practice that is barred by Commission rule unless MGE provides "documentation of the criteria used and the analysis performed to determine that the demand-side resources are cost-effective."<sup>1</sup> Further, OPC argues that Commission Rule 4 CSR 240-14.010(6)(L)(8), providing for energy audits, is inapplicable to this case, and that the Commission's conclusion in Case No. GR-2006-0422 that this program is not a promotional practice is simply wrong.<sup>2</sup>

There is not a sufficient record on which the Commission can decide to approve or reject the tariff. To allow sufficient time to study the effect of the proposed tariff and establish an evidentiary record, the proposed tariff will be suspended.

---

<sup>1</sup> Commission Rule 4 CSR 240-3.255(2)(B)3.

<sup>2</sup> *In re MGE*, Order Denying Applications for Rehearing, Case No. GR-2006-0422 (May 3, 2007).

The Commission will suspend the tariff and schedule a prehearing conference to afford the parties the opportunity to discuss, define, and possibly resolve the issues presented. The Commission will also set a date for the filing of a proposed procedural schedule to ensure that this case progresses.

**IT IS ORDERED THAT:**

1. The proposed tariff sheets submitted on June 1, 2007, by Southern Union Company, d/b/a Missouri Gas Energy, and assigned Tariff No. YG-2007-0880, are suspended for a period of 30 days beyond July 1, 2007, to July 31, 2007, or until otherwise ordered by this Commission.

2. A prehearing conference shall be held on July 10, 2007, at 10:00 a.m., in Room 305 of the Governor Office Building, 200 Madison Street, Jefferson City, Missouri, a building that meets accessibility standards of the Americans with Disabilities Act. Any person who needs specific accessibility accommodations may call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 prior to the hearing. Any person who wishes to appear at the prehearing conference by phone shall call the Regulatory Law Judge at 573-751-7497 no later than July 5, 2007.

3. The parties shall file a proposed procedural schedule no later than July 13, 2007. The procedural schedule shall include dates for the filing of testimony and for a hearing.

4. This order shall become effective on June 26, 2007.

**BY THE COMMISSION**

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Murray, Gaw, Clayton,  
and Appling, CC., concur.

Pridgin, Senior Regulatory Law Judge