

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

In the Matter of Missouri Gas Energy's)	
Proposed Tariff Sheets to Administer)	Case No. GT-2008-0005
Natural Gas Conservation Programs.)	Tariff File No. JG-2008-0010
)	

**MOTION TO SUSPEND TARIFF AND
MOTION TO TAKE ADMINISTRATIVE NOTICE**

COMES NOW the Office of the Public Counsel and in support of its Motion to Suspend Tariff and Motion to Take Administrative Notice states:

1. On June 26, 2007 in Case No. GT-2007-0477, the Commission suspended proposed Southern Union Company, d/b/a Missouri Gas Energy (MGE) tariff sheets (Tariff File No. YG-2007-0880) designed to administer natural gas conservation programs. The Commission suspended the tariff sheets "to allow sufficient time to study the effect of the proposed tariff and establish an evidentiary record." The Commission directed the parties to participate in a prehearing conference on July 10, 2007.

2. On July 3, 2007, MGE filed new proposed tariff sheets regarding the administration of the same natural gas conservation program, and on July 9, 2007 filed a letter in GT-2007-0477 withdrawing the original tariff proposal. The new tariff sheets are slightly modified from those in GT-2007-0477 in response to a request from the Staff. The new proposed tariff sheets included an effective date of August 3, 2007 and were assigned tariff file number JG-2008-0010. The new proposed tariff sheets are attached as "Attachment A."

3. MGE's proposed tariff revision in the present case is a "promotional practice," as that term is defined by 4 CSR 240-14.010(6)(L). Pursuant to the Commission's filing

requirements for promotional practices, no gas utility shall offer a promotional practice until a tariff filing has been made with the Commission. Commission rule 4 CSR 240-3.255 requires that the gas utility provide supporting information for each promotional practice. The required supporting information includes the following:

- a. A description of the advertising or publicity to be employed with respect to the promotional practice;
- b. For promotional practices that are designed to evaluate the cost-effectiveness of potential demand-side resources, a description of the evaluation criteria, the evaluation plan and the schedule for completing the evaluation; and
- c. For promotional practices that are designed to acquire demand-side resources, documentation of the criteria used and the analysis performed to determine that the demand-side resources are cost-effective.

4. MGE's proposed tariff filing does not include the supporting information required by 4 CSR 240-3.255(2)(B). The filing does not provide documentation of the criteria used and the analysis performed to determine that the demand-side resources are cost-effective. This is an important element in any promotional practice designed to acquire demand-side resources. Without this documentation, there is no indication that the promotional practice is cost-effective. For this reason, the proposed tariff changes should be suspended until such time that MGE has fully complied with the Commission's rules by providing the criteria used and analysis performed to determine that the demand-side resource is cost-effective. Once this missing information is provided, Public Counsel and any other interested party should be given an opportunity to evaluate the information and provide additional feedback to the Commission.

5. On June 25, 2007, Public Counsel filed its Reply of the Office of the Public Counsel ("Reply") in Case No. GT-2006-0477, which responded to pleadings from MGE and Staff and further explained Public Counsel's rationale behind the motion to suspend the tariff. Included with Public Counsel's Reply was an attached Affidavit from Public Counsel's Chief

Energy Economist, Mr. Ryan Kind, showing the proposed water heater rebate program is not cost-effective. The minor change made by MGE to the new proposed tariff, which according to MGE simply “limits availability of the rebate program to replacement of existing water heaters,” does not change Mr. Kind’s conclusion that the program is not cost effective. To avoid further delay, and to recognize the Public Counsel’s relevant pleading on this very subject, Public Counsel requests that the Commission take administrative notice in Case No. GT-2008-0005 of the Public Counsel’s June 25, 2007 Reply in GT-2007-0477, including the Affidavit from Mr. Kind, pursuant to 4 CSR 240-2.130 and Section 536.070(6) RSMo 2000. If MGE or the Staff wishes to request that the Commission also take administrative notice of the filings made by MGE and the Staff in Case No. GT-2007-0477, Public Counsel would likely have no objections to such request

WHEREFORE, the Office of the Public Counsel respectfully requests that the Commission suspend Tariff Filing Number JG-2008-0010 and take administrative notice of Public Counsel’s June 25, 2007 “Reply of the Office of the Public Counsel” for the reasons stated above.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 9th day of July, 2007:

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July 3, 2007

Ms. Colleen Dale
Secretary/Chief Regulatory Law Judge
P.O. Box 360
Jefferson City, MO 65102

RE: Southern Union Company, d/b/a Missouri Gas Energy
Tariff Filing

Dear Sir or Madam:

Attached for electronic filing on behalf of the Southern Union Company d/b/a Missouri Gas Energy, please find the following tariff sheets for filing:

P.S.C. Mo. No. 1, Fourth Revised Sheet No. 98, Canceling Third Revised Sheet No. 98
P.S.C. Mo. No. 1, Fourth Revised Sheet No. 99, Canceling Third Revised Sheet No. 99
P.S.C. Mo. No. 1, Fourth Revised Sheet No. 100, Canceling Third Revised Sheet No.100

The purpose of this filing is to submit tariff language setting forth administration of the company's residential natural gas conservation initiatives, including an energy efficient water heater rebate program. The tariff sheets bear today's date as the date of issue, to become effective on August 3, 2007.

Would you please see that this filing is brought to the attention of the appropriate Commission personnel?

Page 2 of 2
July 3, 2007

I thank you in advance for your cooperation in this matter.

Sincerely,
BRYDON, SWEARENGEN & ENGLAND, P.C.

By:

A handwritten signature in black ink, appearing to be 'PAB', written over a horizontal line.

Paul A. Boudreau

PAB:pah

c: Marc Poston, The Office of the Public Counsel

Robert Franson, Office of General Counsel, Public Service Commission

Mike Noack, Missouri Gas Energy

Attachments

P.S.C. MO. No. 1
Cancelling P.S.C. MO. No. 1

Fourth Revised
Third Revised

SHEET No. 98
SHEET No. 98

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

<u>PROMOTIONAL PRACTICES</u>	
<u>PP</u>	
<u>RESIDENTIAL NATURAL GAS CONSERVATION INITIATIVES</u>	
A. Public Education Program	
MGE will become an Energy Star® partner and expand information available to customers through MissouriGasEnergy.com, print and radio announcements and, where possible, work in cooperation with other Energy Star® partners and other energy conservation collaboratives to further public education programs. In addition MGE will implement and promote the use of the on-line energy analyzer "Home Energy Saver".	
B. High-Efficiency Gas Water Heater Replacement Incentive Program	
The High-Efficiency Gas Water Heater Replacement Incentive Program is an incentive program designed to assist customers with natural gas conservation efforts through the replacement of water heaters with high efficiency gas water heaters. Incentives are being offered through a credit to the gas bill for a portion of the cost of a hot water tank with an Energy Factor (EF) of 0.62 or above or a tankless hot water system with an Energy Factor (EF) of 0.80 or above. Company's participation in such financial incentives is limited to the funding included in rates for that purpose per the Commission's Report and Order in Case No. GR-2006-0422.	
<u>DEFINITIONS:</u>	
Administrator – MGE will administer the program	
Participant – An existing customer with an active account who is being served under either the Company's Residential or Small General Service (domestic use customers only in the SGS rate class) rate class who purchases and installs a qualifying efficient natural gas water heater, as described in the program.	
<u>AVAILABILITY:</u>	
The program is available to any active MGE residential or domestic use Small General Service customer (no final bill or inactive accounts) who purchases and installs either a natural gas hot water tank with an EF of 0.62 or greater or a natural gas tankless hot water system with an EF of 0.80 or greater.	
As an incentive for replacement of a water heating system with a qualifying high-efficiency natural gas water heating system, each customer will be eligible to receive one of the following rebates issued in the form of a bill credit within eight (8) weeks of satisfactory completion of the Incentive Request Form.	
A \$75 bill credit for a qualifying hot water tank purchase Or a \$200 bill credit for a qualifying tankless hot water system	

DATE OF ISSUE July 3 2007 DATE EFFECTIVE August 3 2007
month day year month day year

ISSUED BY: Michael R. Noack Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

P.S.C. MO. No. 1
Cancelling P.S.C. MO. No. 1

Fourth Revised
Third Revised

SHEET No. 99
SHEET No. 99

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

PP

A customer is limited to one bill credit under this program per account number. The bill credits are independent of any other incentives or State and/or Federal tax credits for which the customer may be eligible for the purchase of the high-efficiency natural gas water heater.

PROGRAM FUNDING

Per the Commission Report and Order in GR-2006-0422, the Company has allocated the following dollars on an annual basis:

\$45,000 for the Public Education Program.

\$705,000 for the High Efficiency Gas Water Heater Replacement Incentive Program, consisting of:

- \$533,800 for rebates in the form of bill credits for qualified purchases;
- \$100,000 for promotion and advertising expense; and
- \$71,000 for administrative expenses associated with the program.

Any funds in excess of the actual program expenses that remain at the end of each program year will be carried over to the next program year.

OTHER CONDITIONS:

MGE will submit to the Commission Staff and the Office of the Public Counsel reports on a quarterly basis (due within 45 days from the end of the quarter) which will detail the cost and participation in the program. The following information will be included in the quarterly reports:

1. For the Public Education Program, MGE will report:
 - a. Summary information regarding the cost, type and number of educational programs implemented;
 - b. MGE's involvement in other energy conservation programs where MGE has worked in cooperation with other Energy Star® partners or energy conservation collaboratives to further public education;
 - c. Dollars spent by type of promotion/advertising; and
 - d. Number of web site hits on the various pages of MGE's customer site.

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Missouri Gas Energy, Kansas City, MO. 64111

P.S.C. MO. No. 1
Cancelling P.S.C. MO. No. 1

Fourth Revised
Third Revised

SHEET No. 100
SHEET No. 100

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

PROMOTIONAL PRACTICES

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2. For the High Efficiency Gas Water Heater Replacement Incentive Program, MGE will report:

- a. The total number of incentive requests and the number of incentive requests approved;
- b. The dollars spent on bill credits, administrative expenses and promotion/advertising;
- c. Number and type of any complaints received and the resolution of the complaints; and
- d. Compilation of information as provided by participating customers, which may include:
 - i. Type of residence;
 - ii. Age of home;
 - iii. Age of hot water tank being replaced;
 - iv. Fuel source of hot water tank being replaced; and
 - v. Reason for purchase of the high efficiency hot water tank/system.

Depending on the results of the High Efficiency Gas Water Heater Replacement Incentive program, MGE may in the future request permission from the Commission to expand the program to include new High-Efficiency Gas Water Heaters installed in other than replacement situations (i.e. new construction) and more program options such as incentives for the purchase and installation of Energy Star® rated natural gas furnaces or other residential natural gas conservation measures. MGE will discuss the expansion of Residential Natural Gas Conservation Initiatives through a collaborative process with interested parties, which may include but need not be limited to the Commission Staff, the Office of Public Counsel, the DNR, and community based organizations (Collaborative), to evaluate options to enhance energy efficiency for residential and small commercial customers in its service area.

Biannually MGE – working collaboratively with the Missouri Public Service Commission Staff and the Office of Public Counsel – will file a report with the Commission assessing the overall effectiveness of its residential natural gas conservation initiatives along with recommendations for improving the programs, including any proposed tariff changes.

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