

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

In the Matter of Missouri Gas Energy's Tariff	)	<b><u>File No. GT-2011-0049</u></b>
Sheets Designed to Increase the Rebate Level for	)	
Tank Water Heaters	)	

**STAFF'S RESPONSE TO PUBLIC COUNSEL'S  
REPLY TO MGE'S RESPONSE TO THE COMMISSION'S  
ORDER DIRECTING FILING OF A STATUS REPORT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through Chief Staff Counsel, and for its *Response to Public Counsel's Response to the Commission's Order Directing Filing of a Status Report* states that Staff does not support a water heater rebate of eight hundred fifty dollars (\$850) and questions the assertion that hundreds of thousands of customers might be interested in such a rebate. Staff further states:

1. Staff reviewed MGE's filing and had no objection to the facts as stated by the Company.
2. While there are studies to support both MGE's position for higher rebate and OPC's position for the lower rebate, Staff's position, as stated in the Collaborative, is that we would like to have the Company offer the higher rebate of one hundred dollars (\$100) to see if it provides sufficient incentive for customers to purchase the higher efficiency water heating appliances.
3. While Staff did not disagree with MGE's description of the status of the tariff or with the EEC discussion in MGE's filing, and while Staff supports higher rebates to be offered on an experimental basis, Staff further states it does not support an \$850 rebate even on an experimental basis.

4. In its January 18<sup>th</sup>, 2011 *Reply*, the Office of Public Counsel (OPC) asserted that “the Commission’s Staff’s response appears to indicate that it supports these ‘higher rebate’ levels” ranging from \$100 to \$850.

5. The support for the higher rebate refers to the proposed increase in hot water heater incentive from forty dollars (\$40) to \$100, as mentioned in paragraph 1 of MGE’s *Response to the Commission’s Order Directing Filing of Status Report*. Staff has not expressed an interest in nor does Staff support an incentive of \$850 for hot water heaters, even on an experimental basis.

6. Additionally, Staff has not proposed and is not aware of any proposal to increase rebate levels for hot water heaters to \$850.

7. In paragraph 14 of OPC’s *Reply*, OPC questions the validity of setting a goal for energy efficiency program budgets at 0.5% of total revenues based on an ACEEE study using data from 2002, given the dramatic changes in the natural gas market due to shale gas. Staff supports OPC in bringing these questions before the Commission.

8. Staff has opposed including gas costs in the total revenues for the basis of energy efficiency budgets because of the volatility of the natural gas market. Additionally, Staff has been unable to find any study that recommended a particular percentage of gas revenues to be used as a target for energy efficiency.

**WHEREFORE**, Staff requests the Commission accept Staff’s clarification of its position regarding the status of MGE’s case regarding hot water heater rebate tariff sheets designed to increase the rebate level for tank hot water heaters.

Respectfully submitted,

/s/ Lera L. Shemwell

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27<sup>th</sup> day of January 2011.

/s/ Lera L. Shemwell