

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

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

**STAFF'S RESPONSE TO MGE'S RESPONSE TO THE
COMMISSION'S ORDER DIRECTING FILING OF STATUS REPORT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Response to MGE's Response to the Commission's Order Directing Filing* states that Staff has no information to add to MGE's pleading concerning the status of the Hot Water Rebate for Tank Water Heaters. Staff further states:

1. Staff reviewed the MGE filing and has 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 Staff supports offering the higher rebate to see if the rebate provides sufficient incentive for customers to purchase the higher cost efficiency water heating appliances.

3. However, with respect to the full fuel cycle (FFC) analysis, Staff's position is that we do not think ratepayer funds should be spent on the FFC analysis, however, we do not oppose allowing MGE to pay the marginal cost of performing the FFC analysis as part of the evaluation.

WHEREFORE, Staff agrees with MGE's filing in this case and states its support for offering the higher rebate to customers to determine whether the higher incentive is sufficient to persuade consumers to purchase the higher efficiency (and higher cost) water heaters.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell

Deputy General Counsel

Missouri Bar No. 43792

Attorney for the Staff of the
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-7431 (Telephone)

(573) 751-9285 (Fax)

Email: lera.shemwell@psc.mo.gov

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 11th day of January 2011.

/s/ Lera L. Shemwell