

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

In the Matter of Southern Union Company)
d/b/a Missouri Gas Energy's Tariff Sheets) Case No. GT-2012-0170
Designed to Implement an Experimental) Tariff File No. JG-2012-0211
Pilot Program)

**STAFF RESPONSE TO COMMISSION ORDER
REGARDING MOTION TO SUSPEND TARIFF**

COMES NOW the Staff of the Missouri Public Service Commission and for its Response to the Commission's Order Directing Filing, states Staff supports prompt implementation of the two pilot programs discussed below. In support of that position Staff states:

Introduction

1. On November 9, 2011, Missouri Gas Energy (MGE or Company) filed four (4) tariff sheets with a proposed effective date of December 9, 2011.

2. The Office of the Public Counsel moved to suspend the tariffs proposing to implement two pilot programs in Joplin, Missouri, the "Rebuild Joplin: Experimental Pilot program for Residential and SGS Natural Gas Energy Efficiency Incentives" (incentives) program and the "Rebuild Joplin: Energy Star® New Homes Experimental Pilot Program," (Energy Star).

3. Staff supports implementation of the proposed tariffs because they are designed to assist tornado victims, encourage rebuilding efforts, and promote energy efficiency. The proposed incentives pilot program increases rebates offered to residential and small general service customers on energy efficient appliances.

4. The proposed Energy Star® program offers incentives to customers to build energy efficient homes that meet the Energy Star® Home program guidelines.

5. On November 30, OPC filed a motion to suspend MGE's tariff, and the Commission ordered Staff and MGE to file a response by no later than December 2, 2011.

Background

6. OPC comments the proposed incentive energy efficiency program is "barely cost effective under the Utility Cost Test." Energy Efficiency programs are subject to the Utility Promotional Practice rule (4 CSR 240-14). The rule does allow for implementation of pilot programs: "Nothing contained in this chapter shall be construed to prohibit market research studies, pilot programs, test marketing programs or other activities to evaluate the cost-effectiveness of potential demand-side resources" (4 CSR 240.010(4)).

7. After the May 22, 2011 tornado struck Joplin, MGE approached the Energy Efficiency Collaborative (EEC). On June 14, 2011, MGE asked the EEC for thoughts or suggestions on ways to use its energy efficiency program to assist the rebuilding process.

8. Staff agrees the rebuilding in Joplin created a significant opportunity to encourage energy efficient building practices and appliance purchases. Through discussion with the EEC members, MGE developed the two proposed pilot programs.

9. While Staff shares some of OPC's concerns and does not necessarily agree with all the details of MGE's program, Staff supports Commission approval of the tariff and does not believe implementation of the proposed pilot programs should be delayed.

10. Staff's supports the proposed programs as reasonable practices, that should become effective in a timely manner to have the maximum impact in the Joplin area. That is why Staff recommends approving the following tariff sheets, as filed on November 9, 2011 to go into effect for service on the requested effective date: December 9, 2011:

P.S.C. MO. No. 1

Original SHEET No. 104

Original SHEET No. 104.1
Original SHEET No. 105
Original SHEET No. 105.1

WHEREFORE Staff recommends the Commission permit the above listed MGE tariff sheets to go into effect on December 9, 2011.

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, or transmitted by facsimile or electronic mail to all counsel of record this 2nd day of December, 2011.

/s/ Lera L. Shemwell